

E  
Nation's



# BUSINESS

APRIL 1950

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Studebaker 3/4-ton 8-foot pick-up—1/2-ton 6 1/2-foot and 1-ton 8-foot also available

## Studebaker trucks bring you something new in thrift!

**G**ET the tops in earning power as well as pulling power for your new-truck money.

Get the ever-on-the-job reliability of a husky, handsome, modern new Studebaker truck.

Get the stand-up stamina of the massive, rigid, exclusive Studebaker K-member frame.

Get the wear-resisting durability of Studebaker's sturdy axle and spring construction.

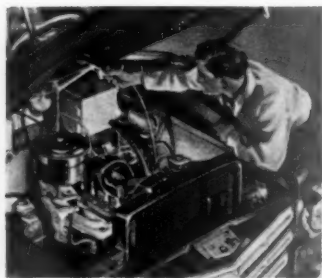
Get the extra thrift of automatic overdrive—now available in Studebaker 1/2-ton and 3/4-ton

trucks—extra cost but extra gasoline economy and greatly reduced engine wear!

Stop in and get the proof of the savings that Studebaker trucks are effecting right now on your kind of work—half-ton to two-ton models in a comprehensive range of wheelbases.

### STUDEBAKER TRUCKS

*Noted for low cost operation*



**Just lift the hood! Everything's easy to get at!** No standing on a box! No stooping under the dash! Studebaker's unique "lift-the-hood" accessibility saves effort, time and money for you.



**Low cab floor—no strenuous climbing!** Doors close securely on tight-gripping rotary latches. Steps are enclosed inside doors. Adjusto-air seat cushions. Big-visibility windows, windshields.



**"Tops-in-thrift" engines of the truck world!** Two great Studebaker truck engines—the Econo-miser and the Power-Plus—develop plenty of horsepower and deliver welcome high torque.



**Built to last by father-and-son teams and thousands of other conscientious craftsmen!** Studebaker trucks excel in staying power as well as earning power. Studebaker, South Bend 27, Indiana, U.S.A.



# Nation's



# Business

PUBLISHED BY

CHAMBER OF COMMERCE OF THE UNITED STATES

VOL. 38

APRIL, 1950

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NATION'S BUSINESS for April, 1950

## FREE BOOKLET

of Autopoint  
TRADE MARK  
**BUSINESS GIFTS**



GIFTS LIKE THESE  
 KEEP PROSPECTS  
 Reminded!

No. 67 "Autopoint"  
 Better Pencil

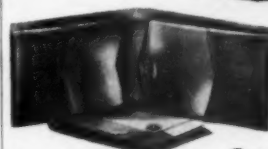


Companion  
 Ballpoint Pen in  
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No. 313 Luxury  
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Finest in  
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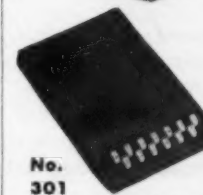


Get this dividend-paying booklet that shows you how to put to work for you a tested business strategy that builds Goodwill—increases sales profitably!

Give each prospect and customer a useful "Autopoint" business gift. (A few are shown here). Their daily utility will give new prominence to your sales message—day after day, the year 'round. Put this powerful force of repetition to work.

Mail coupon for free booklet. Customers do more business with firms they know best.

No. 301  
 "Autopoint" Index



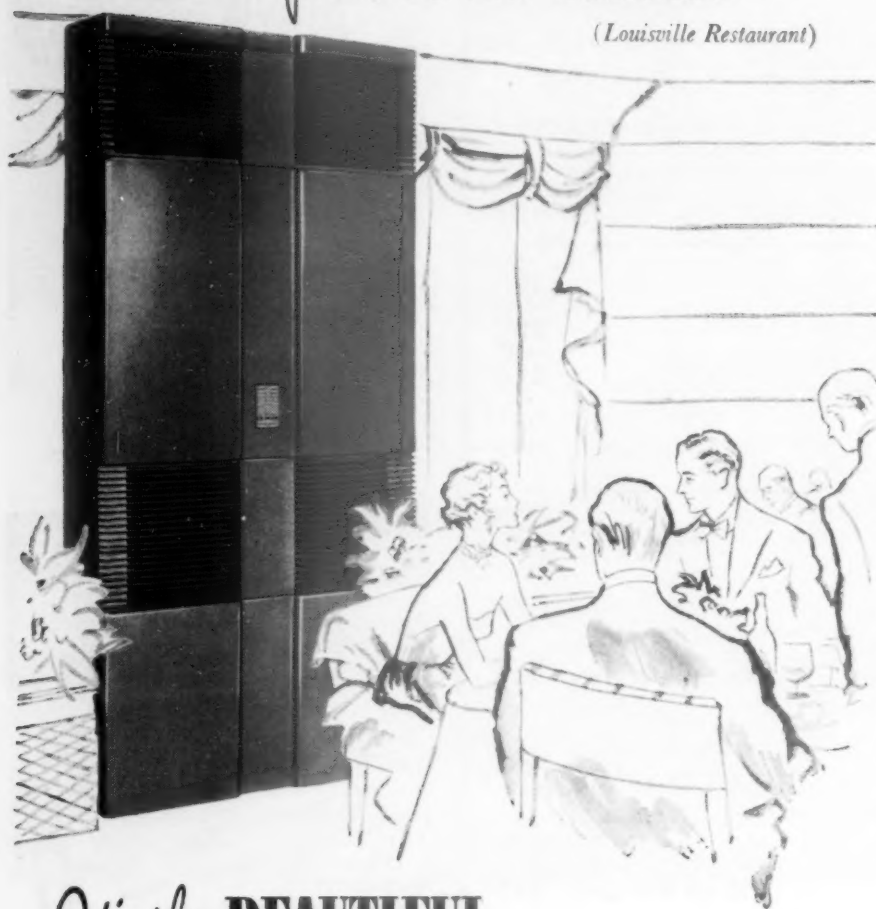
No. 260  
 Temperature  
 Humidity  
 Guide



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"Air conditioning  
pulls in new customers"

(Louisville Restaurant)



## It's the **BEAUTIFUL** new Carrier Weathermaker

Nobody hides *this* air conditioner. Proud owners agree that it is the most beautiful one in America. But they add quickly that it does an exceptional air conditioning job, too!

**CONTROLLED COOLING**—Avoids that cold, clammy feeling. Real comfort depends on a balance between temperature, humidity, ventilation and air motion. Only the Weathermaker offers Carrier Controlled Cooling plus the new Humitrol.

**WHISPER-QUIET**—Carrier's exclusive QT Fan and Even-flo Diffuser distribute air quietly and uniformly. Genuine Fiberglas insulates the whole cabinet. And the compressor is hermetically sealed.

**THRIFTY TO RUN**—Improved design and exclusive Carrier features greatly step up efficiency and reduce electric power and water consumption.

**EASY TO BUY**—Call your Carrier dealer, listed in the Classified Telephone Directory. He'll be glad to give you the money-making story *without obligation*. The down payment is low and monthly installments are easy. Many owners find the *extra profits* from the Weathermaker more than cover the installments.

The beautiful new Weathermaker is built by the men who know air conditioning best. Carrier Corporation, Syracuse 1, N. Y.

AIR CONDITIONING

**Carrier**

REFRIGERATION

## ABOUT OUR AUTHORS

**BLAIR BOLLES** is a Missourian who was educated at Phillips Exeter Academy and Yale and then started his journalistic career by covering baseball for the *Sporting News*. By the time World War II rolled around, he had become a foreign correspondent.

It was in 1944 that Bolles joined the staff of the Foreign Policy Association. Now director of its Washington bureau, his big job is analyzing American foreign policy for the publications and audiences of the association. Of necessity, he has had to become a student of United States politics and government. "It is hopeless," he points out, "to try to understand how and why our country behaves in its dealings with world affairs without understanding what makes it tick politically at home. An interest in how the President arrives at a decision about the coal strike, for example, helps make clear how he decides whether to cosy up to Stalin or give him the cold shoulder."

Bolles's exceptional background made him a natural to review this country's "150 Years of the Welfare State."

**ONE CAREER**—or perhaps two—is enough for most men. But not **HENRY H. CURRAN**. When he retired two years ago at the age of 70 he had been a lawyer, judge, newspaperman and several other things as well.



EVE HARRISON

Obviously, he started young. After his graduation from Yale in 1898 Curran went to work as a reporter on the old New York *Tribune* and became one of the paper's editors, studying law the while. Next, he tried his hand as a lawyer, then turned to public relations and politics. For 40 years he followed the steeplechase of government work, holding such public offices as alderman, borough president of Manhattan, United



States commissioner of immigration for the Port of New York, and deputy mayor of New York. At different times outside of office he was counsel to the City Club of New York and a director of the National Economy League.

He ended his official government career with several years on the bench in the criminal courts, as a magistrate, then chief magistrate, then a justice of the Court of Special Sessions.

Curran, like "Pop" whom he has written about in this month's short story, is fond of golf. However, he likes writing and does that better. A good many of his stories and articles have been published, as well as four books, the last of which is an easy-going autobiography, "Pillar to Post," in token of the lively fashion in which he has been jounced about from one unexpected job to another ever since he first went to work.

BECAUSE he felt that his own picture in this column would not make NATION'S BUSINESS the slightest bit more alluring, **GEORGE FRAZIER** sent us a picture of his two sons, with the accompanying note: "Choo Choo and Pepper flank



their phonograph upon which they play the collected works of Bugs Bunny."

"As for myself," says George, whose record collection is one of the finest in the land, "I am a Harvard man who is proudest, perhaps, of having written the lyric to 'Harvard Blues,' which Count Basie recorded for Okeh. I have been writing about jazz for more years than I care to remember. But it is not a solvent profession, which explains why I write for most of the big magazines about such matters as the *Christian Science Monitor*, Monsignor Fulton J. Sheen and Humphrey Bogart.

"I did a daily column for the *Boston Herald* which somebody at Time, Inc., read and enjoyed. Soon I found myself working for *Life* where I stayed for three and a half years before returning to freelancing."



Without crushing strength—or, for that matter—without all of the strength factors listed below—no pipe laid 100 years ago in city streets would be in service today. But, in spite of the evolution of traffic from horse-drawn vehicles to heavy trucks and buses—and today's vast complexity of subway and underground utility services—cast iron gas and water mains, laid over a century ago, are serving in the streets of more than 30 cities in the United States and Canada. Such service records prove that cast iron pipe combines all the strength factors of long life with ample margins of safety. No pipe that is provably deficient in any of these strength factors should ever be laid in city streets. Cast Iron Pipe Research Association, Thos. F. Wolfe, Engineer, 122 So. Michigan Ave., Chicago 3.

## Strength factors of Long Life!

*No pipe that is provably deficient in any of these strength factors should ever be laid in city streets*

### CRUSHING STRENGTH

The ability of cast iron pipe to withstand external loads imposed by heavy fill and unusual traffic loads is proved by the Ring Compression Test. Standard 6-inch cast iron pipe withstands a crushing weight of more than 14,000 lbs. per foot.

### BEAM STRENGTH

When cast iron pipe is subjected to beam stress caused by soil settlement, or disturbance of soil by other utilities, or resting on an obstruction, tests prove that standard 6-inch cast iron pipe in 10-foot span sustains a load of 15,000 lbs.

### SHOCK STRENGTH

The toughness of cast iron pipe which enables it to withstand impact and traffic shocks, as well as the hazards in handling, is demonstrated by the Impact Test. While under hydrostatic pressure and the heavy blows from a 50 pound hammer, standard 6-inch cast iron pipe does not crack until the hammer is dropped 6 times on the same spot from progressively increased heights of 6 inches.

### BURSTING STRENGTH

In full length bursting tests standard 6-inch cast iron pipe withstands more than 2500 lbs. per square inch internal hydrostatic pressure, which proves ample ability to resist water-hammer or unusual working pressures.

**CAST IRON PIPE SERVES FOR CENTURIES**

# announcing the new Remington

... following close on the exciting announcements of



THE REMINGTON *Electri-conomy*



THE REMINGTON *DeLuxe Noiseless*



THE REMINGTON *Personal*

*Super-riter*—created out of the world's longest experience in typewriter production...77 years of it! *Super-riter*—efficiency-tested to save on office typing costs—sleek, functional in design. The Remington *Super-riter* will perform better...faster...at measurably less cost. Here's why:

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- *Super-Plus values!* The *Super-riter* has everything for feather-ease, less fatiguing typing: finger-fitted keys, one full inch Longer Writing Line, exclusive one-key Keyboard Margin Control, exclusive Perfect Positioning Scale...you get all these and more with *Super-riter*.

MAKE THE *Super-riter* SAVINGS TEST

For your needs  
we have no reason  
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the right machines and systems.  
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**Remington Rand**



# Super-riter



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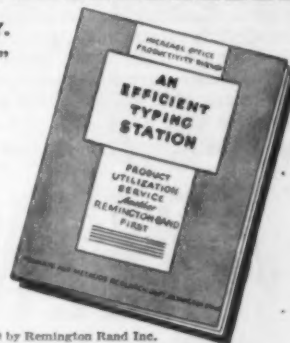
- ☐ Please send me FREE bulletin, "An Efficient Typing Station" on the superb new Remington Super-riter.
- ☐ Please arrange to have your representative call to perform the FREE Super-riter Savings Test in my office—without obligation, of course.

Name..... Title.....

Company.....

Address.....

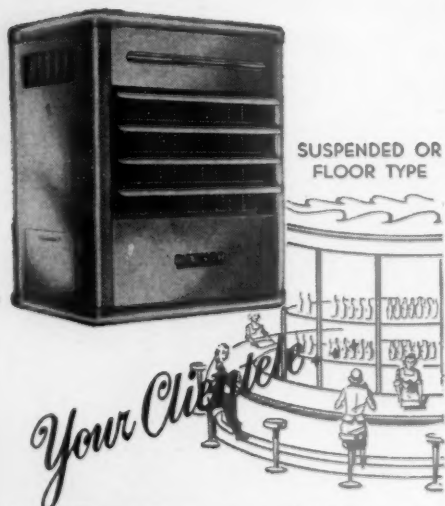
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Try for yourself... see why, for most efficient work, you should choose Omega. Check for stronger lead... brilliant color... the thin lead that holds a needle point... lightness of pressure required for clean, sharp figures... colored ends for instant selection... waterproof. Check all these points, at our expense.

A request on your business letterhead will bring you a sample.



● Please your customers and visitors... also your employees! That's what the new 1950 Reznor Gas Unit Heaters will do. Reznors are completely automatic... give clean, quiet heat to large or small areas. More of America's businessmen have Reznor units than any other gas heater. Use yellow pages of your phone book or write today.

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*demands a*  
**REZNOR**  
AUTOMATIC GAS-FIRED UNIT HEATER



### Easter trade angle

EASTER business is the second-best selling season for retail stores though the early date of the holiday this year may tend to cut down the volume. In such circumstances, customers often prefer to postpone some purchasing and wait for the lower prices which come later.

Retail merchants themselves have shaped up their operations somewhat along the lines of their customers' thinking, according to reports in the trade. They slowed down on their spring reorders and apparently will shop around for promotional merchandise.

This kind of retail strategy has disappointed manufacturers and wholesalers who at the turn of the year thought they saw signs of more liberal purchasing. Store figures backed up this belief because orders had gained in relation to stocks. Thus, on Dec. 31 outstanding orders in the New York reserve district represented 33 per cent of department store stocks as compared with 29 per cent a year earlier.

### Pension brake?

ARNO H. JOHNSON, vice president and director of media and research of the J. Walter Thompson Company, advertising agency, came through last year with a forecast of consumer buying power which proved to be quite "on the button," when many business men and some economists had put on their dark glasses.

For 1950 Dr. Johnson's summary of marketing factors maintains that a high level of purchasing power from current income will continue, and there is a big potential in the huge savings and low debt ratio. Total business can be six per cent better depending upon the "will to buy" and the effort put into selling.

One point brought out by Dr. Johnson in his "Marketing Oppor-

tunities, 1950" receives less attention perhaps than it should. It relates to pensions, when costs are increased for industry and workers do not get the immediate benefit as under pay boosts.

Some observers believe the workers will cut their rate of savings once they are sure of pensions. But, as Dr. Johnson explains, much depends on translating their wants and desires into sales.

### Census starts

BACK in 1790 when the first census was taken, 17 U. S. marshals and 600 assistants did the job. On the first of this month, 150,000 persons will start out on the seventeenth decennial census.

The population was less than 4,000,000, including 700,000 slaves, in the first census. A little rough figuring shows the census-takers in 1790 handled better than 5,000 persons each. Now the average will be about 1,000 if we accept a population total of 150,000,000.

However, let's add that there were only five simple questions for the first canvass of the population and now there are about 60—and the answers will help business and every citizen.

### Orange ranks sixth

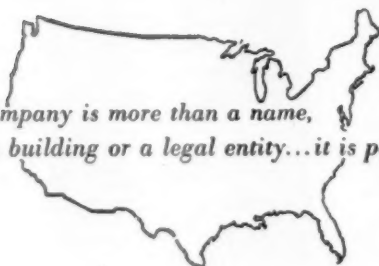
TOURING this month in California, visitors might gain the likely impression that those flowering orange groves provide crop No. 1. And besides, the tourist has certainly seen plenty of California orange promotion at home—one of the most effective in advertising annals.

But the actual figures reveal a more prosaic listing. Topping California farm products in 1949 was cotton lint for a total value on the farms of \$193,500,000, according to the State Department of Agriculture.

Second was hay with \$129,848,000 and following were lettuce for



# A friendly property insurance company reports to the American people



A company is more than a name,  
a building or a legal entity...it is people

Behind The Home's financial condition stand important human assets—the people who own this Company, the people who work with us and the people who are served by the Company.

The Home is owned by many people. It serves many people—in all walks of life, in all parts of the country, in many other parts of the world. You or your neighbor, whether a policyholder or a stockholder, or a prospective one, are important to The Home Insurance Company.

Through its more than forty thousand representatives, The Home Insurance Company is today the leading insurance protector of American homes and the homes of American industry. Its size and strength enable it to serve the smallest as well as the largest insurance need.

For almost a hundred years, The Home has stood between property owners and the risk of sudden financial loss. The homes and business futures which have been restored are beyond estimate. Since the founding of the Company, Home policyholders have been reimbursed for more than a billion and a half dollars in financial losses.

Because The Home's business is to protect property values in which so many people are concerned, and because the loss of such values would affect the economy of the country, this statement of The Home's financial condition may be of interest to the public.

Sincerely,

PRESIDENT

## Balance Sheet

December 31, 1949

### ADMITTED ASSETS

\*DECEMBER 31,  
1949

Cash in Office, Banks and Trust Companies . . . . .	\$ 35,561,204.01
United States Government Bonds . . . . .	110,418,558.10
Other Bonds and Stocks . . . . .	143,358,542.85
Investment in The Home Indemnity Company . . . . .	7,690,736.20
First Mortgage Loans . . . . .	3,017.83
Real Estate . . . . .	4,477,325.36
Agents' Balances, Less Than 90 Days Due . . . . .	14,370,413.65
Reinsurance Recoverable on Paid Losses . . . . .	374,237.35
Other Admitted Assets . . . . .	1,891,094.14
Total Admitted Assets . . . . .	\$318,145,129.49

### LIABILITIES

Reserve for Unearned Premiums . . . . .	\$146,128,831.00
Reserve for Losses . . . . .	30,890,845.00
Reserve for Taxes . . . . .	13,900,000.00
Liabilities Under Contracts with War Shipping Administration . . . . .	1,608,917.08
Reinsurance Reserves . . . . .	1,191,579.00
Other Liabilities . . . . .	3,057,570.33
Total Liabilities Except Capital . . . . .	\$196,777,742.41
Capital . . . . .	20,000,000.00
Surplus . . . . .	101,367,387.08
Surplus as Regards Policyholders . . . . .	121,367,387.08
Total . . . . .	\$318,145,129.49

\*NOTES: Bonds carried at \$5,376,605.79 Amortized Value and Cash \$80,000.00 in the above balance sheet are deposited as required by law. All securities have been valued in accordance with the requirements of the National Association of Insurance Commissioners. Assets and Liabilities in Canada have been adjusted to the basis of the free rate of exchange. Based on December 31, 1949 market quotations for all bonds and stocks owned, the Total Admitted Assets would be increased to \$319,766,705.54 and the policyholders' surplus to \$122,988,963.13.

### Directors

LEWIS L. CLARK  
Banker  
CHARLES G. MEYER  
The Cord Meyer  
Company  
WILLIAM L. DEBOST  
Chairman,  
Union Dime  
Savings Bank  
EDWIN A. BAYLES  
Lawyer  
GEORGE MCANENY  
Vice Chairman,  
Wills & Trust  
Committee,  
Title Guarantee &  
Trust Company  
GUY CARY  
Lawyer  
HAROLD V. SMITH  
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HARVEY D. GIBSON  
President,  
Manufacturers  
Trust Company  
FREDERICK B. ADAMS  
Chairman of  
Executive Committee,  
Atlantic Coast Line  
Railroad Co.

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Cleveland Trust Co.  
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General Counsel  
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& Trust Co.

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Lawyer

CHAMPION McDOWELL DAVIS  
President,  
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WARREN S. JOHNSON  
President,  
Peoples Savings  
Bank & Trust Co. of  
Wilmington, N. C.

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Babson's Reports, Inc.

ROBERT B. MEYER  
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Company

HENRY C. BRUNIE  
President,  
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Home Office: 59 Maiden Lane, New York 3, N. Y.



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... the oldest line west of the Mississippi River constantly adds the newest in facilities to make travel and shipping faster, better and safer.



**SERVING THE WEST-SOUTHWEST EMPIRE**

\$81,430,000, grapes at \$79,616,000 and potatoes to the value of \$67,-034,000. Finally, in sixth place the list shows \$66,435,000 worth of oranges. But that doesn't count the tourist dollars that the orange blooms have attracted.

### Small business aid

SMALL BUSINESS is at a disadvantage on two principal counts, according to most testimony. Financing is difficult, and the small folk do not possess the facilities for research by which new products, new processes and improved technology are achieved.

Legislation has now been introduced which may overcome these prime handicaps. On the financing side, however, it is interesting to note that the insurance companies have stepped in to lend assistance in substantial fashion.

Thus, the Institute of Life Insurance reports that 17 companies provided \$386,168,000 in capital funds to a total of 2,076 companies with assets of less than \$5,000,000 in 1948. The greater part of this financing was by real estate mortgages. Some 1,900 new commercial mortgage loans aggregated \$275,-278,000. More than half of these mortgage loans were to concerns with assets of less than \$200,000.

### Old methods best

CERTAIN new ways of dealing with inventories and depreciation have come in for criticism in the accounting field. The charge goes that they may help along inflation. Christian E. Jarchow, vice president and comptroller of International Harvester Co., deals with this question in a recent bulletin of the National Association of Cost Accountants and gives conventional methods of accounting a clean bill of health.

"At Harvester," he writes, "we have not as yet been convinced that we should change the practice adhered to for a number of years of determining our profits in a manner that will avoid implications of shifting income from favorable to unfavorable years or vice versa. We have continued to value our inventories at the lower of cost or market and have not created inventory reserves out of income.

"In this connection we believe that any loss which might eventually be attributed directly to the effect of falling prices should be considered as a regular operating result when it occurs. We believe it is far better to record it as such in



# "Our GMCs Are As Strong As The Steel They Haul"



**SAYS T. D. CLEAGE, President,**  
Steel Transportation Co., Kansas City, Mo.

"We have used GMCs almost exclusively during our 20 years of steel hauling," states Mr. Cleage. "We recently bought six new 'H' models to add to our fleet of 40 trucks, and that's proof of our satisfaction with the splendid service GMC trucks give us.

## **Seven Reasons Why GMCs Are Best for Your Business**

- Rugged, Modern Good Looks
- Cabs Tailored to Drivers' Needs
- Easy Steering, Shifting, Braking
- Engines Powered for Profit
- Chassis Built to "Take It"
- Models for Every Hauling Job
- Finest Truck Building Facilities

"Hauling steel from the Great Lakes to the Gulf, we find GMC's low-cost operation a vital factor because we must 'dead-head,' or return light, on all runs. Upon occasion we lease other make trucks, and performance comparisons show that GMC outranks them all. Our loads average 32,000-40,000 pounds, and our GMCs are as tough as the metal they transport."

**GMC TRUCK & COACH DIVISION • GENERAL MOTORS CORPORATION**



**OWNERS TELL OUR STORY BEST**

# South Carolina is Second in the Nation

READ THESE EXCERPTS FROM

FEDERAL RESERVE BANK OF RICHMOND

Monthly Review



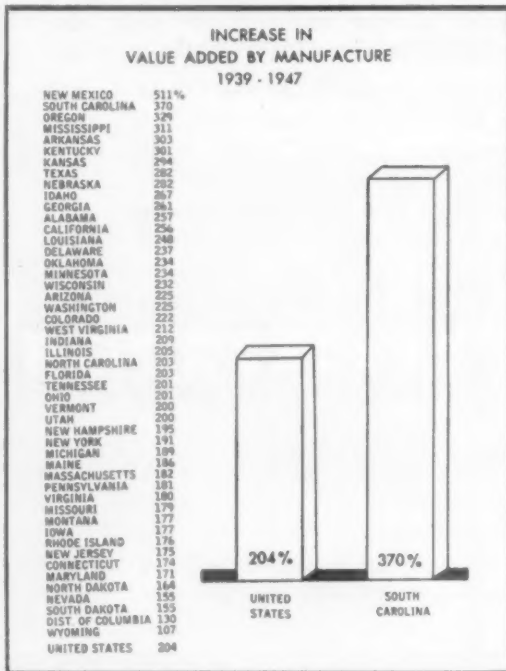
FEBRUARY 1950

"South Carolina ranked second among the states of the nation in the percentage increase realized from 1939 to 1947 in value added by manufacturing. Against an average increase of 204% for the country as a whole, South Carolina registered a gain of 370% in this important aspect of manufacturing activity."

"Improvement in per capita income in South Carolina reflects the full employment and strong demand for goods and services of all kinds which characterized the nation's economy during the years 1939-1948."

"South Carolina's expansion is shown by the data on 'value added by manufacture'—the best census measure of the relative economic importance of manufacturing in different industries and different areas."

"This large percentage increase from 1939 to 1947 in value added by South Carolina manufacturing enterprises—computed on a relatively small base of \$169 million that ranked 27th among all states—is accounted for mainly by the textile industry . . . Contributing to this value added increase in South Carolina were gains in the following industries: Lumber and products, chemicals, food, stone, clay and glass, furniture and paper—all of which exceeded the corresponding percentage increase on a national basis."



Relative industrial expansion in South Carolina as compared with the country as a whole is shown in the following table:

PERCENTAGE INCREASE	1929-39		1939-47	
	S. C.	U. S.	S. C.	U. S.
Value Added by Manufacture . . . . .	6	-23	370	204
Number of Establishments . . . . .	-22	-18	64	39
Production Workers . . . . .	16	-11	39	53
Annual Wages . . . . .	18	-22	283	235

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South Carolina



the year it happened than to tamper with the earnings of a long succession of years to have a reserve against an uncertain contingency. If it does eventuate, its effects must be met by the financial strength of the company, regardless of whether that strength be represented by the balance in the surplus account (or, as we term it, 'net income retained for use in the business') or by its equivalent in two accounts, inventory reserve and surplus, taken together.

"We feel the same way about depreciation, which we continue to compute on the cost of the depreciable property."

## Air schedules

IT WAS STORMY going over the country and planes were putting down at places not on the schedules. St. Louis was "closed in" and the big Constellation was to fly nonstop from Kansas City to New York.

Midway on the trip, passengers were informed that stops would be made at Pittsburgh and Philadelphia. It seemed that Chicago was also "closed in" and another plane had been forced to swerve to the Steel City. The stranded travelers were to be picked up.

On the trip was the affable president of the world-wide aviation company. He agreed that flying would be "swell" except for airports. "But we operate 95 per cent on schedule," he stoutly maintained.

How long would it take to clear up the other five per cent? "Well I've been in this business for 31 years," he replied, "and my estimate is another 15 years to get the score perfect."

## College aid gains

THE INTEREST of industry in higher education is a growing one. So the news comes more frequently of company scholarships and institutional gifts. Thomas R. Mullen, president of the Lehigh Structural





Steel Company, Allentown, Pa., sums up the matter this way:

"It is my belief that American industry should shoulder a greater part of the financial responsibility of our colleges and universities. Industry looks to the college for the men who are trained. Until now we have been prone to assume that we had little responsibility until the man was graduated and in our employ."

To back up his belief, Mullen as president of the American Institute of Steel Construction, persuaded that organization to authorize ten scholarships at various engineering schools. His own company has set up a foundation to finance scholarships at Duke University.

A survey made by the National Industrial Conference Board and covering 79 of the 100 largest manufacturing companies revealed that contributions to colleges and universities in 1948 jumped to 10.1 per cent of company gifts as against 6.6 per cent in 1947. In all, corporate donations amounted to \$16,100,000 in 1948 with the largest percentage, 30.8, going to community chests.

### Frozen rocket

MORE THAN 20,000,000 gallons of frozen orange juice will be packed this year, according to John M. Fox, president of the Minute Maid Corporation. One out of every three oranges grown in Florida goes into the six-ounce cans.

Minute Maid pioneered in developing and marketing frozen citrus juice concentrates. The business is merely four years old and only the supply of oranges, Fox contends, can hold back the growth of this new industry.

### Bubbly water

THE BUSINESS figures of Soviet Russia continue to be issued in percentages and in ratios of accomplishment under their annual plans. The "iron curtain" veils tonnages, yardages, gallons and other specific measurements.

Gross output of all industry in 1949, the Soviet reports simply, was 20 per cent more than 1948 and 41 per cent more than 1940. Toward the close of 1949 the target set under the Five-Year Plan for 1950 was surpassed.

In a tabulation of industrial items, it is revealed that output of automatic loaders was 6.6 times more than in 1948, thereby heading the gains. But, oddly enough in the Land of the Proletariat, cham-

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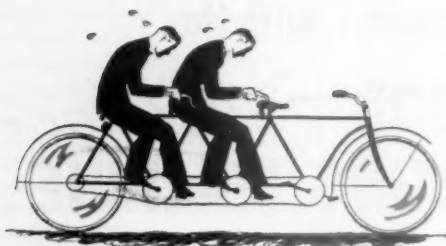
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# How to keep your business MOVING AHEAD...

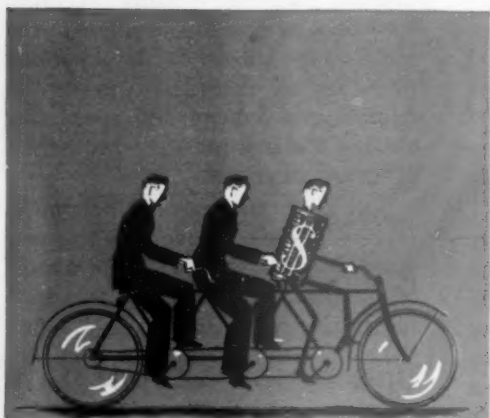
when the ownership group changes



The members of a successful close corporation or partnership business must complement each other in abilities and performance ... must agree on plans and directions.



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pagne was second with an increase of 172 per cent over the previous year.

Some 450,000 inventions and rationalization programs were adopted last year in industry, the Central Statistical Administration reports, and the suspicion forms that too many ideas and not enough practical application is still a Soviet shortcoming. Figures are kept secret, as a rule, only when they don't look too good.

## Course of failures

BUSINESS had its bumps last year and the failure rate zoomed. Dun & Bradstreet, Inc., reported 9,246 defaults, an increase of 76 per cent over 1948 but still 32 per cent below 1940.

Liabilities jumped to \$308,109,000, the highest since 1935. The average liability was \$33,000 last year, a decline from the peak of \$46,000 in 1946.

Retail failures showed the largest percentage increase over 1948 or 94 per cent, followed by construction with 91 per cent. Manufacturers were lower on the list with 57 per cent.

That business mortality was not higher as a result of the spring and summer setback last year could probably be attributed to the absence of a serious price decline. A look at a chart depicting failures and prices indicates they move pretty much in inverse ratio.

Many newcomers in business were shaken out last year, as expected, but fairly steady prices prevented any massacre.





# MANAGEMENT'S *Washington* LETTER

► **AUTO INDUSTRY**—a main support of today's economy—has years of all-out production ahead.

The market's there. Unless cars are priced out of it.

To see market potential look at average age of passenger cars on U. S. roads today. It's 8.4 years—only six tenths of a year less than it was after four years of no cars. In late '30's average age was 5.5.

Of more than 36,000,000 cars now registered, 20,000,000 were built prewar.

At present record-high production rate it would take nearly four years to replace prewar models—without replacing any built since 1945.

Auto manufacturers estimate present replacement market at 2,700,000 cars a year—up 50 per cent over a decade ago. Which means nearly 250,000 cars hit the junk pile every month.

List price cuts indicate makers' intent to stay within market limits.

Efficiency engineers probe into their manufacturing procedures, operating practices, seeking ways to chop costs.

One has cut distribution cost by closing branches, dividing territories among remaining zones.

Steadier flow of materials, fewer production-line interruptions are increasing efficiency.

Concentration now is on faster materials-handling methods, labor-saving automatic inspection devices, more economical purchasing.

Note: Auto stocks in dealers' hands reached 1949 low in December—at close of year in which 5,108,841 passenger cars were built.

Unusually high sales since have prevented accumulation of stocks. Which means heavy spring deliveries will depend on factory shipments.

► **DEALERS DON'T SHARE** auto makers' optimistic outlook.

Many worried in past few months over their first red-ink balance sheets since 1946, despite high sales volume.

That's because they're profit-sharing with their customers—shaving markups to move cars.

Usual method is to allow more than trade-in will bring on used car lot.

"We do that or lose the customer," says one dealer. "They won't pay the

price. They found they don't have to."

Last month he told his sales staff to make no more trades that cut new car markup to less than \$200. It takes that much to cover overhead.

Dealers' association in one midwestern city finds that sale of 1,500 new cars in February brought less profit than sale of 900 brought in February '49.

In that city four new car dealerships are for sale. Year ago: None.

► **WATCH CAREFULLY** for any slowdown in rate of consumer credit expansion.

It will mean a cut in purchasing power—a deflationary trend.

In the past four years consumer credit has expanded by \$12,000,000,000.

Which means credit has been adding \$3,000,000,000 annually to consumer purchasing power—an important factor in postwar boom.

It means also that when this expansion stops—when consumer debt levels off—the economy has lost this added purchasing power.

Consumer credit now outstanding totals approximately \$19,000,000,000—more than twice any prewar high.

That's often explained away by pointing out that personal income also is more than twice any prewar high.

Which is true. But measure consumer credit against disposable personal income, and you find credit nearing its historical top.

Currently it's slightly less than 10 per cent of disposable personal income, about equal to 1929-30 level.

In only three years of the past 20—1937, '39 and '40—has it reached 11 per cent.

An increase of \$1,900,000,000 will take us to that point. That's only \$12 per person. Will it mean anything? History says it will.

At present rate of expansion consumer credit will reach historical maximum this year.

Is that a red flag? History says it is.

► **COULD YOU AFFORD** to sell goods on more lenient credit terms?

Probably not—and neither could anyone else.

Radio, television, refrigerators, other appliances are offered with no

## MANAGEMENT'S *Washington* LETTER

down payments. Automobiles may be financed over three-year periods.

Which indicates credit terms are about as lenient as they can get—that no more expansion of credit may be expected through easier terms.

Note: There are more ads than deals on "no down payment" offers. Many dealers talk "no down payment," but insist on some cash on delivery.

► **HOUSING BOOM** spreads through large part of U.S. economy.

Furniture makers rush work on rising orders. Growing demand brings higher prices for some floor coverings. Makers of stoves, refrigerators, appliances increase production schedules.

Same force sets pattern of department store sales. Increases in house-furnishings departments offset serious drops in soft goods sales.

Back of this is rise in construction rate to a level 18 per cent above year ago's record high.

But here's a question mark. Is that rise a new level or a quick bulge?

FHA's Section 608—providing easy credit for rental housing—expired last month, wasn't renewed.

During its last two months commitments totaled \$546,000,000—more than twice last year's rate.

FHA's big Title II, "standard" mortgage insurance section, is at the practical top of its authorization. This will be enlarged by one of several bills now pending in Congress.

But the question is: How much of this year's building boom is caused by builders eager to get in under Section 608 before it expired—or who got jobs started to avoid taking a chance on new Title II authorizations?

► **IF MONEY POURING** into a slipping economy can stop the slip, Government has that power.

Government can bolster business with billions by accelerating its spending schedule.

With expenditure rate at current level Administration could add substantial boost to economy by concentrating six months' purchasing, delivery schedules into three.

Don't be discouraged if you don't

build battleships. Government also buys rubber, dictating machines, clothing, paper, furniture—what do you make?

You'll probably see sample of that in next six months as Defense Department steps up armament deliveries in pre-election preparedness flurry.

► **DON'T CONFUSE** appropriation bill that reaches Congress shortly with government expenditures.

Those two totals will be far apart.

Purpose of single appropriation bill is to center public, congressional attention on government cost.

But it will miss that cost mark by billions. Nor is the appropriations figure an accurate indicator of deficit. Here's why:

Activities of many government corporations by-pass appropriations measure entirely. These usually are open-end operations.

Commodities Credit Corporation is example. It buys and sells, but operates on a net basis—doesn't turn in its receipts to Treasury.

CCC is one of the most uncertain cost factors in entire outlook. Weather, insect infestation or lack of it can vary CCC outlays by several billions on farm program.

Another variable: RFC. Its expenditures depend on mortgage market—it purchases, through a subsidiary, government-insured debt—and other business conditions.

Veterans Administration goes through appropriations routine, but it finances GI Act benefits and Congress feels obligated to meet the bill through supplemental appropriations. VA's outgo depends on GI Act demands.

These and other variables brought increase of \$3,500,000,000 in expenditure estimates within 10 months last year. At same time estimate of receipts dropped by \$3,000,000,000.

► **ARE STRIKES** inflationary?

They have been, but that doesn't mean they are now. Inflation results from a shortage of goods relative to money supply.

So an automobile strike a year or two ago added to shortage, contributed to inflation.

But that's not the case today. There's no real shortage of automobiles. If strike keeps you from getting the one you want, you can choose from a long list of others.

So strike doesn't feed inflation. It does the opposite. It cuts into pay-rolls, profits, purchasing power, leav-



ing slight chance to make up these cuts later. That's deflationary.

► GRASSHOPPERS MIGHT DO what Government can't and farmers won't—cut back wheat production.

Boll weevils may reduce cotton oversupply. And there's good chance European corn borer will do as much for corn.

U.S. Bureau of Entomology and Plant Quarantine has found an abundance of grasshopper eggs in Montana, North Dakota, Wyoming, other wheat states.

South's mild winter means that many of the boll weevils that went into hibernation have survived.

And the corn borer situation has been favorable—to the borers.

So potential is there. From now on it depends on weather.

Cold, wet weather in late April, May, June would cut down grasshopper infestation. But it will take weather both warm and dry to discourage boll weevils.

Corn borers would like that, and multiply. Only cool, wet weather in May and June will discourage the borer.

Government entomologists are at work on map showing results of 1949 surveys, most likely development areas this year.

It will be ready by mid-April. If your business depends on farm customers you may want to look at the bug outlook instead of their credit standing. You can get a copy from the Bureau at Washington 25, D. C.

► BRITAIN'S LOSS on its nationalized railroads runs \$1,400,000 a week.

So says British Transport Commission, seeking 16 2/3 per cent rise in freight rates.

Commission estimates loss on first three years of government operation may reach \$168,000,000.

Missouri Pacific points out: Government operation of U.S. rails during World War I cost taxpayers \$2,000,000 daily. Under private operation during World War II rails paid \$3,000,000 daily in taxes.

► COMMERCE DEPARTMENT study of business concentration suggests department concentrated on proving concentration.

Index of concentration is based on percentage of sales made by four largest companies in each industry.

Among more than 6,000 bread and other bakery products producers in U.S. top four sell less than 20 per cent of output. Not so concentrated. So—

Commerce separated biscuit, cracker and pretzel manufacturers, found 249 of these, a sales concentration of 71.5

## MANAGEMENT'S *Washington* LETTER

per cent among four largest.

Study also separated dolls from toys, listed these alone.

► IF YOU'RE TAKING part in a public-improvement project, you might look over New Jersey Turnpike financing plan.

Turnpike authority borrowed from 42 insurance companies, five savings banks, six public trust funds.

These agreed to lend up to \$220,000,000 to build 115 mile toll highway.

Bonds are for 35 years, bear interest of 3 1/4 per cent—but are not issued until needed.

Authority estimates this borrow-as-you-go feature will save \$12,000,000. Interest charge on undrawn part is one-half of one per cent.

► LOOK AT EMPLOYMENT—as well as unemployment—figures. Last month Bureau of Labor Statistics reported unemployment at 4,684,000—highest since 1941.

But at same time employment was 56,953,000—a rise over previous reporting period. Unemployment's rise was not caused by layoffs, but by new additions to labor force.

► BRIEFS: Here's one week's report on the dried egg business, government style: Bought, 1,841,771 pounds at 96 cents a pound. Sold, 23,800 pounds at 40 cents a pound....There are more than 45,000,000 children under 17 in U.S.—and toy makers expect bigger year than 1949's \$300,000,000-plus volume.... Goodyear official says rubber industry faces technological crisis because of shortage of young trained technicians. ...Last endorser of a forged government check is the loser. That's point to keep in mind when cashing them. Secret Service reports rising tide of such forgeries....Since war, price of platinum—widely used in industry—has dropped from \$96 an ounce to \$72. Before technology made working the metal possible it sold for 34 cents an ounce....Agriculture Department speakers take Brannan plan to grass roots—with results that cause head scratching among top brass of national farm groups that oppose it. ...Last time Government appointed a coal industry study commission was 1922. Its report stated in four volumes that the industry should solve its own problems.

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# TRENDS



## OF NATION'S BUSINESS

### The State of the Nation

**A**S A RESULT of the war and its aftermath, Great Britain faces many serious economic problems. On top of these, during the past few weeks, some very disturbing political difficulties have been imposed by the general election of Feb. 23.

Nobody can say that the British people failed to respond magnificently to this test of their democratic institutions. Almost 85 per cent of the qualified electorate took the trouble to vote for the candidate of their individual choice. That compares with a vote of slightly more than 50 per cent of those eligible in our 1948 presidential election.

When the final returns were counted they showed, in round numbers, that 13,200,000 votes had been cast for candidates of the Labor party; 12,500,000 for the Conservatives and affiliated groups; 2,600,000 for the Liberals; 300,000 for various "splinter" parties and 90,000 for the communists, who failed to elect a single member of the new House of Commons.

Translated into terms of parliamentary representation this balloting gave the Labor party 315 seats; Conservatives and affiliates (like the Ulster Unionists) 298 seats; Liberals ten and Irish Nationalists two. Thus, in the newly elected House, the Labor party obtained a majority of only 17 seats over the well disciplined Conservatives, and a bare five over the potentially combinable opposition. And this majority was obtained



Felix Morley

on a minority vote of the electorate.

Such slim parliamentary majorities would be ineffectual even in our own House of Representatives. This is far more the case in the House of Commons, where the Prime Minister and his Cabinet traditionally sit as elected representatives, in addition to their duties as responsible administrators.

• • •

The British system emphasizes executive responsibility to the representative legislature. In practice, it means

that department heads are present on the floor of the House of Commons, to steer legislation or answer questions, whenever matters affecting their several jurisdictions are under discussion. But normally the majority member of cabinet rank stays at his departmental desk, and is not expected to attend the sittings of the House. In the case of an M.P. like Foreign Minister Bevin, he must also be free to attend conferences overseas, including United Nations sessions in New York.

This excusable absenteeism alone makes it imperative that the party in office should have a preponderance of at least 30 votes to continue in power. With any smaller majority the cabinet members would have to desert all their executive duties in order continuously to safeguard the Government against an opposition vote of "no confidence." Whenever such a vote is carried in



OF NATION'S BUSINESS

the House of Commons, the Prime Minister must resign and a general election is obligatory.

Except for one circumstance, this second British election of 1950 might have been held already. Over there the fiscal year ends March 31, and about that time the Government must introduce its budget for the ensuing 12 months. So a "gentleman's agreement" was reached to leave the Labor Government in office temporarily, provided it sponsored no more controversial measures. But with the presentation of the budget estimates—inevitably explosive enough for a vote of "no confidence"—the gloves are off.

That is the background and explanation of the indecisive decision made so ardently by the British electorate on Feb. 23. And it takes very little reflection to realize that the confusion was caused by the multiplicity of competing parties. This is the more deplorable because there was really only one issue, and that clear-cut, in the February election: Is the socialist trend in Britain to be continued, or halted?

The campaigning concentrated on this issue and the voters did their best to define the popular will. But there was also a fatal attempt to refine as well as define the fundamental issue. Thus the communists ran 100 candidates—who received an average of less than 1,000 votes each—on the theory that the Labor party is too gentle with free enterprise. And the Liberals contested three fourths of all the constituencies, winning in only ten of them, on the assumption that the Conservatives are a little too critical of socialism.

Undoubtedly this logic-chopping conforms to the fine psychological distinctions in human reactions. But it is simultaneously fatal to the smooth operation of representative government, which by its very nature cannot reflect all the subtle variations in the mental or emotional composition of those represented. As the British election graphically reveals, attempts to develop a pure democracy are sure to result in the actual frustration of democratic processes.

This can be proved arithmetically. On Feb. 23, in Britain, those who prefer state enterprise, developed gradually or violently, voted either Labor or communist. Those who prefer free enterprise, more or less qualified, voted either Liberal or Conservative. The 300,000 ballots cast for Independents were also for the most part cast by anti-socialists but, since this cannot be demonstrated, they should be omitted from the calculation.

On the clear and easily understandable issue of a socialist versus a capitalist economy, 13,300,-

000 votes were cast for the former; 15,100,000 for the latter. In exact proportion, this straight division would have given the Conservatives 332 seats in a two-party House of 625 members; would have given 293 seats to the Socialists.

Close as the voting was—perhaps as close as need ever be expected—this majority of 39 would nevertheless have permitted immediate formation of a workable Conservative Government, thus obviating the present frustrating outcome.

The moral, therefore, is the practical importance of maintaining the two-party system.

It is simply not true, as socialists used to claim, that two "old parties" are necessarily like Tweedledum and Tweedledee, equally opposed to the development of socialistic thought. British experience proves the falsity of that assertion. There the Liberals, one of the historic parties, have actually surrendered their former political role to the socialists.

Similarly, British experience counters the argument made by critics of socialism, that once this doctrine gains the upper hand politically it can never be displaced. Very probably the industries "nationalized" by the Labor Government will not revert to private enterprise. But the trend to socialism has been stopped dead. And, in the test, all of the bureaucrats in Britain could not, or did not, turn in a majority vote for Labor.

It is, however, true that, for the two-party system to function effectively, the issue dividing the two parties must be vital. The nature of the issue does not really matter, so long as it represents some principle that is significant in the minds of the electorate.

We are fortunate, in the United States, in having such a vital political issue constantly at hand—if we are only alert enough to identify it. The very name of our country—United States—suggests what the fundamental issue is with us. Shall we remain a country of united *states*, or shall we become a single *united state*?

Centralized power versus states' rights; that has been the foreordained political issue for Americans ever since a federal republic was selected as our form of government. It remains as an issue that simply cannot be downed. Its vitality, for instance, is apparent in the dramatic parliamentary struggle over FEPC—essentially a question of home rule *vs.* centralized command.

It is no mere academic conclusion to say that our politics must adapt themselves to one central issue, encouraging a clear-cut division of votes on the principle involved. In the recent British election there was such a central issue. Even so the result was political confusion—simply because some 3,000,000 voters did not understand the overshadowing importance of the two-party system.

—FELIX MORLEY



# The Month's Business Highlights

**F**EAR of a decline in business in the autumn seems to have evaporated. A variety of developments has contributed to the favorable outlook. First place must be given to the high volume of buying. The market for capital goods did not decline as much as was expected. Developments abroad have contributed to business confidence.

In the early postwar period a violent readjustment, sooner or later, was regarded as inevitable. No such crisis has taken place. The prevailing view now is that such changes as may come will be moderate. At the same time warnings are sounded against policies that make for creeping, chronic inflation. Monetary and fiscal policies have an important bearing on stability.

American business has been encouraged by the results of the British elections and by the improved situation in western Europe. The wave of sentiment against statism and paternalism that began in New Zealand and Australia was reflected in the British elections. Progress of conservative sentiment in countries where socialism was well entrenched gives ground for the belief that the trend is to the right in this country. Doubt that Churchill, because of his age, would be able to shoulder for long the responsibilities of leadership is thought to have cut down the Conservative total. The party has developed no No. 2 man in whom the people have complete confidence.

Results in Britain have encouraged conservatives in this country. Their situation is not unlike that of their counterparts in the United Kingdom. Democratic leadership here is weak but it has the advantage of being in power. It is not easy to oust an administration in times of prosperity. Those with conservative leanings, however, feel that, in addition to any change of sentiment that may have taken place here, a by-election offers an unusual opportunity to elect antiadministration candidates.

Business in the United States is benefiting from the gains being made in the cold war in Europe. Russia's sweep in the Far East may prove to be a liability rather than an asset. She may have overextended herself. That remains to be seen, but at present active support of the communist regime in China is a heavy drain on Rus-



Paul Wooton

sian resources, whereas the United States is not involved in the Far East to the extent that it interferes with our economy.

While Russia is fanatical in trying to forward its adaptation of the Marxian creed, the men of the Kremlin are realists and are too smart to provoke a war they ultimately would lose. The United States is completely devoid of world power ambitions. It would pay any price for peace short of subjection to an alien will. Under those condi-

tions war cannot be regarded as inevitable but business, which is almost pacifist in its dislike of war and its regimentation, believes that, as we learn to play the game more skillfully, gradual readjustment may enable the two systems to operate in their respective spheres without generating a war. Also the Russian people are known to be resourceful and by nature peaceful. They may find a way to curb their ambitious and tyrannical dictators.

• • •

Because of the uncertainties that go with a postwar period in a disorganized world, the subcommittee on Monetary, Credit and Fiscal Policies of the Joint Committee on the Economic Report continues to plug for the recommendations it submitted to the Congress. Legislative and executive officials as well as the business world quickly recognized the subcommittee's report as an important pronouncement. Its effect on policies already is apparent.

It is worth making a record of the names of the members of this subcommittee because their report promises to become the basis of efforts to moderate business cycles. The Senate members of the subcommittee are Paul H. Douglas of Illinois, former president of the American Economic Association; and Ralph E. Flanders of Vermont, former president of the Federal Reserve Bank of Boston.

The House members are Wright Patman of Texas; Jesse P. Wolcott of Michigan, former chairman of the Banking and Currency Committee; and Frank Buchanan of Pennsylvania.

Individual views vary widely on some economic questions but the mem-





over prices, wages and materials.

As a result of the report it seems probable that, in the future, Federal Reserve policy with regard to credit will consider business conditions rather than the need of maintaining parity prices for government bonds. The committee does not expect the Federal Reserve to act with total disregard of Treasury needs, but it does want monetary and fiscal policies determined in the councils of the administration by separate agencies with equal standing.

It is difficult to obtain popular support for anti-inflation policies which restrict incomes. Labor has had three rounds of wage increases and one round of pensions. This has increased labor's share of the national income. Such increases, not accompanied by increased productivity, raise the cost of production which ups the price to the consumer. Price supports for agricultural products give the farmer a larger share of the national income than would be the case were prices determined by market forces. Other subsidies have a similar inflationary effect. It is difficult to convince the various beneficiaries that the way to higher standards of living is to increase total income through maximum economic progress. Nothing is gained by shifting income from one group to another. Voluntary action is too much to expect but the situation can be influenced by impersonal regulation of the flow of expenditures through monetary-fiscal action.

The annual report of the Secretary of the Treasury implies that principal credit for the prosperity and stability of business should go to his department. The report fails to mention that inflation has caused a 40 per cent postwar rise in prices or that the Treasury's insistence on the support of the government bond market contributed to the inflation—a vulnerable aspect of the postwar fiscal and monetary policy. There is a feeling that Treasury policy is dominated by its own narrow responsibilities and should not be allowed to interfere with the independence of the Federal Reserve which, with its dollars, is in a better position to control the money supply with a view to maintaining business stability.

While agricultural prices probably will decline further the decline is not likely to attain demoralizing proportions. Agriculture is in a much stronger position than after World War I. Falling prices will not bring about foreclosures and

members of the committee are a unit in their desire to promote stability, and in their belief that government policy should be exerted through measures that will influence national income and the volume of money rather than on direct controls

forced liquidation of bank loans. Support prices cushion declines. The size of the market for farm products is enormously greater than in 1920. Surpluses do not hang over markets as they did a quarter of a century ago. There is more general realization that conditions easily could arise to wipe them out.

The economy will have to extend further to avoid the paradox of large unemployment in a period of good business—a sort of poverty-in-the-middle-of-plenty situation. Industry and agriculture are operating at high levels in comparison with prewar, but the present rate is not high enough to absorb the new people that are entering the labor market. Longer service by older employees is a factor. Workers are retiring or withdrawing from employment at half the former rate. Investment in employment-making enterprises is not keeping up with the increase in population. Dearth of equity capital will continue until changes are made in taxation and other government policies.

Conditions on the Pacific Coast are definitely better than a year ago. The employment situation has improved. The lumber industry is booming. The canning industry has an unusually high volume of orders. Consumer buying is at a high rate. The amount of instalment credit being extended is greater than the national average. Principal reason given for higher unit sales of consumer goods is the refunds on veterans' insurance.

No one ever gloried more in his resignation than did Dr. Edwin G. Nourse. He is a bigger figure than ever since he had the convictions and the courage to resign rather than drift along with policies with which he could not agree.

Quick deliveries by transportation companies have made it possible for retail furniture dealers to cut inventories to new low levels. The industry is setting itself for a \$2,750,000,000 year.

Coal production after a strike always reaches high levels, but one third of normal production for the strike period is lost irretrievably. There is no way of making up the tonnage that would have been used by canceled trains, unheated buildings and brownouts. In no previous strike were stockpiles so depleted. Fifty million tons of coal are required to build back normal stockpiles and provide the coal in transit.

Per capita use of rayon, silk, and wool has increased, while cotton has lost ground, but cotton still supplies more than 70 per cent of the per capita use of fibers.

—PAUL WOOTON



# Washington Scenes

**S**PRINGTIME along the Potomac means cherry blossoms and conventions. It is a season of hope, which finds Washington crowded with business men, newspaper editors, and leaders in other fields of American endeavor. They come to get a close-up of government, to take stock, and to ask: Where do we go from here?

In this spring of 1950, there is talk of a change in the Truman Administration's attitude toward business. Some think that the Administration has become more "friendly," more "sympathetic."

If it pleases business men to think so, well, that's all right with the White House. President Truman seems to be in a mood to welcome sentiments of good will no matter whence they come. However, when the question is put right up to administration officials, they say that there really is no basis for the talk of a "new" Truman attitude toward business. They suggest, with a smile, that the change must have taken place in those who think they have discovered something new.

Regardless of what others may think, Mr. Truman doesn't consider that he has ever been anything but friendly and sympathetic toward business. He would argue that the same is true of the men he has chosen for his Cabinet. (Henry Wallace, his first Secretary of Commerce, was, of course, a Roosevelt appointee.)

Mr. Truman, who has as many prejudices as the average American, tells intimates that he tries always to remember one thing—that he is President of all the people. And in this connection, he has said that his ideal is "an America where everybody gets a decent break all the time."

Over the past five years, the Chief Executive has had a good deal to say about business. The thing that he has stressed above all is this—that it is not merely desirable that the economic structure of the United States remain strong, it is absolutely essential. Our world leadership depends on it. Mr. Truman knows that the overriding hope of the Russians is that some day we will go into an economic tailspin and end up in a bust. He himself is supremely confident that this is not going to happen, and he hasn't much respect for anybody who thinks otherwise.

Apropos of the talk of a change in the Administration's attitude toward business, this seems to



Edward T. Folliard

have started in a big way about three months ago. The answer to it, however, was given as far back as 1948, right after the national election. Something that happened then is worth recalling, because it illustrates as well as anything else just what the atmosphere is today.

President Truman was in Key West, Fla., resting up after his strenuous give-'em-hell campaign, in which he assailed "the unholy alliance between the Republican party and big busi-

ness." Reports were coming down from New York that Wall Street was worried. About this time, House Speaker Sam Rayburn, who had flown down to Florida to be the President's guest, held a press conference.

It went like this:

Reporter: "A lot of people, including those in Wall Street, are afraid of where President Truman, Vice President Barkley and you are going to take us."

Rayburn: "I don't see anything that anybody's got to be scared about. . . . There are some people in the United States who seem to enjoy being scared."

That was Nov. 19, 1948. About 12 days later, by which time Mr. Truman was back in Washington, the matter was brought up at a White House news conference. What the President says at these news conferences may not be quoted directly, unless he specifically authorizes it, but the colloquy in this instance was about as follows:

Reporter: Mr. President, Sam Rayburn said recently that business has nothing to fear from the Administration. Could you comment on that?

The President: Did business have anything to fear in the past three years and a half?

Mr. Truman's handling of the question was significant and characteristic. He rarely goes out of his way to profess a friendly sentiment toward business. His attitude, rather, is a challenging one, as if he were saying: "Look at the record. Do you find anything to show that I have been unfriendly?"

Talk of a switch in the Administration's attitude seems to have started just before the New





OF NATION'S BUSINESS

enterprise system had nothing to fear from the Fair Deal.

"Its attitude and point of view," wrote Alfred Friendly of the *Washington Post*, in reviewing the report, "are far removed from those of ten years ago, in the halcyon days of the New Deal. The fire-breathing, dragon-slaying approach to business is replaced by a concept of government in the role of facilitating and promoting business expansion and welfare."

Others interpreted it in the same way, and there was no official complaint that the interpretation was in error. Privately, however, some of Mr. Truman's associates were amused by the importance attached to the report. One of them laughed and said:

"The only change I can see is the change that has taken place in Leon."

He was referring to Leon H. Keyserling, who took over as acting chairman of the Council of Economic Advisers after the departure of Dr. Edwin G. Nourse. Keyserling and John D. Clark wrote the report.

• • •

Secretary of Commerce Charles H. Sawyer has done much to bring about a more congenial relationship between the Administration and business. He has been a persuasive orator, talking to business men in their own language, and he has also been a strong advocate of business men at the cabinet table.

The Department of Commerce, which Franklin D. Roosevelt made the butt of jokes, is no longer regarded as a stepchild. Its rehabilitation began, not with Sawyer, but with the firing of Henry Wallace in 1946. Conceivably, Henry would still be Secretary of Commerce if he hadn't made his be-nice-to-Russia speeches. On the other hand, it is hard to imagine Mr. Truman doing what FDR did and putting Henry in Commerce in the first place. Anyway, once the post was vacant, Mr. Truman filled it with a man who knew something about commerce, W. Averell Harriman.

The President encouraged Harriman to build up the department and to make of it what it was intended to be; and he did the same thing in the case of Sawyer, when the Ohioan took over from Harriman.

How, it might be asked, can one reconcile Mr. Truman's actions in this respect with things he

has said on the stump? Some of his associates think that a distinction should be made in what he says about business in his role as political warrior and in his role as President. In my opinion, that would be a mistake.

For instance, Mr. Truman is in dead earnest when he talks about an "alliance" between the Republican party and what he calls big business. He is in earnest, too, when he says that the G.O.P. believes in the "trickle down" theory; that is, the theory that wealth ought to trickle down from those at the top to the rank and file below.

As a politician, Mr. Truman believes that the Republican party made a colossal blunder when it allowed itself to become too closely identified with big business, a minority, and thereby risked the loss of small business, labor and agriculture, representing an overwhelming majority.

It might be argued, as many Republicans have argued, that these views of Mr. Truman are demagogic. And it might be argued further that his own party has formed an alliance with labor and is trying hard to form one with the farmers.

The President certainly has been wooing both with great ardour. But those who think that, because this is so, he is passing up the support of business—well, they had better start reading his speeches.

Here is a compilation of his views drawn from his speeches:

"Real prosperity depends on fair treatment for all groups of our society. That's a rule as old as the Bible. That's what the Bible means when it says, and I quote: 'We are . . . every one members, one of another.' . . . Farmers cannot be prosperous unless industrial workers have good wages and steady employment so that they can buy the products that farmers raise. Workers cannot be prosperous unless farmers have good incomes and can buy the things that industrial workers make. Business men cannot be prosperous unless both farmers and workers have the money to buy the things they sell. . . . As a result of the boom and the bust of the 1920's, we have learned that the welfare of our people cannot be divided. The farmer, the working man, and the business man prosper together, or they go down together. . . . So long as (they) pull together in the national interest, this country has everything to hope for."

To go back to the question of whether the Truman Administration has become more friendly to business, a rather startling answer has been coming from some Republicans. They charge that the Democratic party has been adopted by groups Mr. Truman has so often excoriated on the stump—the "special interests."

If that is so, it would seem to be a further testimonial to Mr. Truman's skill as a politician. Isn't it the strategy of a big political party to be all things to all men?

—EDWARD T. FOLLIARD



# 150 Years of the Welfare State

By BLAIR BOLLES

IN 1800 William Henry Harrison, the delegate from the Northwest Territory, lobbied through Congress a law which, in effect, put the federal Government into the mortgage business. At that moment the welfare state, which today often looks like a modern creation, had arrived.

Harrison's act cut from \$200 to \$2 an acre the price at which the Government was authorized to sell western public lands to settlers, and it gave the buyer four years to buy the land, provided he made a down payment of one fourth the price. The Government held the settler's note those four years.

The powers which that modest law conferred on the federal Government—just then setting up shop in Washington after its move from Philadelphia—threw the young nation into a raging controversy about the role of

the state in economic transactions. The government credit scheme cut into the business of western bankers, who had been financing the purchase of farms by new settlers. And it hurt New England manufacturers, because it gave their labor a bargaining lever for higher pay. When no raise was forthcoming, the workman could always head west and make a farmer of himself with Washington's help.

After 150 years, that controversy has become an American tradition. It still rages, because the United States rests on two ideas that never will be at ease with one another—"property" vs. "equality." Each of those incompatible ideas comes out of the roots of the nation. Each had strong advocates when the founders of the republic were writing the Constitution.

As early as 1772, Samuel Adams of

Uncle Sam aids one group at the expense of others by devices like the subsidy and special privilege statutes



PAUL HOFFMASTER



Massachusetts had stated the natural rights of the colonists to be, "first, a right to life; secondly, to liberty; thirdly, to property." Those of his school preached that a government which would safeguard individual profit and private property was the key to the well-being of every American.

Another sect, which included Jefferson, wanted a system of government that would protect the idea of equality which the Declaration of Independence had expressed in the words, "life, liberty and the pursuit of happiness." So far the Government has preserved equality principally by controlling property.

The controversy is profound because at stake is man's conception of freedom. The constitutionalists protest that government interference limits the freedom of individuals to work out their own economic destinies. The equalitarians insist that full freedom in business limits the freedom of persons not in business to provide for their own economic well-being. If it is not possible for everybody to be completely free at the same time, is it the duty of government to take a measure of freedom from one person to enhance the freedom of another? On that question America seethes.

The wording of the Constitution represented a victory for the friends of freedom in enterprise. But, by

statutes and White House decisions, the equalitarians have been progressively diluting that victory. After a long period of slow progress, they have dominated American political life in the twentieth century.

The essence of the American welfare state which the equalitarians have developed is a paradox. To keep the various segments of the country's population in rough balance, the federal Government singles out special groups for unequal treatment under law—farmers, industrial labor and consumers. As it pushes forward those groups, Washington pulls back others.

Pres. Andrew Jackson set the precedent for pulling back almost 120 years ago when he refused to renew the charter of the United States Bank. Thus he destroyed the bank's grip on credit and currency policy, the control of which displeased the settlers whom Harrison's land law had attracted to the West.

The federal Government has relied mainly on four devices to keep the economic relations of the various segments of America in flexible relationship with one another. Device No. 1 is the subsidy. Until the high tide of westward migration closed the frontier, Washington distributed subsidies in the form of land. The income tax has enabled the federal Government to subsidize with cash.

(Continued on page 82)



He also makes great use of the administrative agency and the general law—such as the Social Security Act







A. SISKIND

# ASCAP Makes the Piper Pay

By KATHARINE and HENRY F. PRINGLE

UNTIL the Society came on the scene, a royalty was just a will-o'-the-wisp to many a composer and lyricist

THE SCENE could be any restaurant or hotel. A grinning waiter brings in a cake ablaze with candles and deposits it on a table where ten or 20 people are dining. Everybody in the room stops eating and stares at the embarrassed celebrant while the band plays "Happy Birthday to You."

Nobody knows how many times a year the tune is played in public, not even the American Society of Composers, Authors and Publishers, generally known as ASCAP and often erroneously confused with the musicians' union run by James C. Petrillo. But because "Happy Birthday" is protected by copyright, the heirs of the two women who wrote it in the late '90's still receive substantial royalties. That is ASCAP's job. In 1949 it collected, for distribution to its members, more than \$9,000,000 from radio networks, television stations, hotels, dance halls, night clubs, bars and skating rinks.

The music was composed by Mildred J. Hill of Louisville, Ky., an organist and pianist, to go with the verse written by her sister. Miss Hill died in 1916. For 25 years after her death her little tune was played publicly without anyone paying a dime. In 1940, however, heirs applied in her name for ASCAP membership, which was granted. Now a restaurant owner who has the ditty played without an ASCAP license does so at his peril.

ASCAP, which is a cooperative rather than a union or trade association, controls the performance rights to more than 500,000 songs and other musical works. These were written by its 2,040 composer and author members, of whom 402, like Miss Hill, are deceased. The ASCAP repertory is



A. SISKIND



Under the reins of Fred E. Ahlert, ASCAP collects and checks on its members' tunes

varied, to put it mildly. The family of the late Ethelbert Nevin receives, it is reported, thousands of dollars annually from the public playing of such favorites as "The Rosary" and "Mighty Lak' a Rose." Royalties are paid to the widow of Edward MacDowell on "To a Wild Rose" and others of his beloved Woodland Sketches. Both Nevin and MacDowell died before the society was organized.

Also included in the repertory are an "Elegie" for oboe and orchestra composed in his spare moments by Lionel Barrymore. Other works are the symphonies, concertos, sonatas and chamber music of George Antheil, Aaron Copland, Sergei Rachmaninoff, Samuel Barber, Roger Sessions, Igor Stravinsky and Leonard Bernstein. The bulk of titles, though, are of the popular or Tin Pan Alley school.

Among them are such gems as "From the Indies to the Andies in his Undies," written by William E. Faber, Henry Fink's "The Curse of an Aching Heart (You Made Me What I Am Today)" and "In the Valley Where My Sally Said Good-by." Responsible for the last of this trio was James J. Walker, who later became mayor of New York City and who also wrote, "Will You Love Me in December As You Do in May?"

Some day a bright candidate for

a master's or doctor's degree in an American university will study ASCAP's files and find therein novel and illuminating angles on the military, social and economic history of the United States. The nation's songs reflect its past with remarkable accuracy. ASCAP's catalog contains more than half a century of history: of wars, isolationism, depressions. They illustrate even more. In 1905 a subject of brisk discussion was whether the automobile was here to stay. Song copyrights for that year included "In My Merry Oldsmobile." The early years of the century were pleasant and peaceful.

But they ended. The war clouds gathered. America at first would have none of it and in 1914 was singing "I Didn't Raise My Boy to Be a Soldier." Soon the tune changed to "Over There" and then to "Hello, Central, Give Me No Man's Land." Next, with normalcy, it became "How Ya Gonna Keep 'em Down on the Farm?"

When the 1932 depression blighted the nation, it was mirrored in "Brother, Can You Spare a Dime?" and "A Shanty in Old Shantytown." Finally, of course, with World War II, the ASCAP repertory added the nostalgic refrains: "Don't Sit Under the Apple Tree," "Praise the Lord and Pass the Ammunition," "This Is the Army, Mr. Jones" and "When the Lights Go On Again All Over the World."

The earnings of ASCAP's members are almost as varied as the

titles in its repertory. The basic philosophy of the society is that a composer or lyricist is entitled to a fair share of the commercial earnings of his products. The reasonable position is taken that members must be permitted to eat, and the tragic case is cited of Stephen Foster, whose songs are now, and always will be, deep in the hearts of all Americans. Yet the popular success of Foster's "Old Folks at Home," "Oh! Susanna," "Beautiful Dreamer" and many other haunting melodies did not keep him from dying in a public hospital ward, penniless and obscure.

No Stephen Foster will die in frustration and despair as long as ASCAP continues to flourish. It is an essential part of the society's policy that "no man or woman in the United States who writes successful music, nor anyone dependent on him, shall ever want for the necessities of life." All dues, \$10 a year for writers and \$50 for publisher members, go into a relief fund which takes care of the music makers on whom fortune no longer smiles. Nor does it matter, if they are in need, whether they are members or not.

This relief activity is necessarily cloaked in confidence, but a story or two may be told. Some 15 years ago the Boston field office of the society learned that Effie I. Canning, who had composed the words and music of "Rockabye Baby" in the '80's, was ill and destitute. The ASCAP relief committee took care

Victor Herbert, left, and John Philip Sousa launched ASCAP



CULVER SERVICE



CULVER SERVICE

It includes the late James J. Walker (at top), Lionel Barrymore and the late Rachmaninoff



ASCAP



of her until her death a few years back. A second case is that of Ida L. Reed, who had written the words for a number of hymns. In 1939 a society representative for West Virginia heard that she was living, crippled and alone, in a small shack. At the age of 84 she still receives small but regular checks from ASCAP. Neither Miss Reed nor Effie Canning was a member.

ASCAP does not, as is commonly supposed, monitor all radio stations or public places where music is performed. That would be an impossible task. But the four large radio networks report quarterly on the number of times the works of all members are played. Spot checks of independent stations' programs are made by the society's 22 field offices throughout the nation.

The principal job of the field offices, however, is to persuade hotels, taverns, night clubs or skating rinks that holding an ASCAP license is in their best interest. In the society's early days—it was organized in 1914—protests were loud and furious. Managers pointed out that they had bought the sheet music. Why pay anything more? The ASCAP pioneers called attention to that part of the copyright law which provided a penalty of \$250 for each unauthorized public performance. In the old days many suits were instigated. Today, ASCAP goes to court only

rarely. Fred E. Ahlert, its president, and Herman Finkelstein, general attorney, believe that friendly cooperation is the better policy.

Under the present system, field agents watch the newspapers in their areas for announcement of new establishments where music is part of the attraction. First a polite letter goes out to the proprietor of the resort. The next step is a call from a salesman. A blanket license, he explains, will cover the whole ASCAP repertory. A small summer hotel may pay as little as \$30 for its season. A road house featuring a three-piece band on week ends might be assessed \$60 a year. A hotel like the Waldorf-Astoria in New York, with several different musical offerings, pays around \$3,000 a year. Licenses are classified according to the size of the floor, capacity, cover charge—if any—number of hours of music; whether or not the music is played by "name" bands. ASCAP's big money, by far, comes from radio, with increasingly good prospects in television.

Roughly speaking, the society's members share its revenues according to the extent to which their music is played—half of the total goes to the publishers. ASCAP does not disclose the exact royalties paid to its members or their

estates. Such outstanding artists as Irving Berlin, Oscar Hammerstein II, and Richard Rodgers probably receive up to \$20,000 a year. Members in the lowest category get around \$200.

A notable exception to the share-according-to-earnings system is made in the case of the composers of serious music. The "long-hairs," as they are affectionately called, number about one third of the membership. Performance of their work brings in only about \$75,000 annually, but they were paid \$800,000 last year, a fifth of the royalties distributed. Until well after the advent of ASCAP it was almost impossible for the composer of classical music to earn anything at all from his art; he receives little enough today. If he presumed to ask a fee from a conductor who had consented to play his symphony, he was told brusquely that it would be dropped from the program. Even phonograph recordings bring in little. Under our archaic 1909 copyright law the composer receives only two cents per side, whatever the selling price of the album. Thus he is paid only 12 cents for a set of records which may be priced at \$4 or \$5.

In Great Britain, the composer's royalty on records is 6¼ per cent of the retail price. Yet ASCAP has  
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CULVER SERVICE



WIDE WORLD PHOTOS

CULVER SERVICE



Jerome Kern (lower left), Igor Stravinsky, Irving Berlin (above) and Rodgers and Hammerstein (right) add diversity to the impressive list



VICTOR DE PALMA

# POP

By HENRY H. CURRAN

**R**ICHARD TALMAGE, a retired business man, who liked to say that he knew "nothing about the insides of a car," drove his sedan straight into the whirl of waterfront trucks and trailers that make West Street in New York an inferno of risk. He edged in clumsily, falling in behind one of the monsters, then trying to get over into the next lane, swerving in and back, not quite making it. The "big boys" were coming fast from behind, impatiently.

"Hey, Pop, get going," called an harassed driver, slowing down. "Get in here, hurry up now," he added, not unkindly.

Pop got in and inched along.

Up on the elevated highway at last, he let out a little. He was a pretty good driver, a bit stubborn about his rights, unwilling to be hurried, but never an accident, and he always got there. He had learned late in life, with some difficulty, terrorized at first, but hanging on. Now it was easy. Only, some day would the car break down? Some day? He tried to put it out of his mind. "I'm too old to learn about all those gadgets packed in there," he had said to a protesting friend. "Anyway it's up to the garage. Let them look out for the insides, I'll look out for the driving."

The miles rolled by on the parkways. The sun shone. The early green of the trees, shy and tentative, blended into a panorama of spring beauty. It was a good day. Alone, Pop fell to thinking of this trip to the golf club up there near the Sound, where his long-time buddy the retired professor would take him on. They made about the same number of bad shots, too many. And he must keep his head down at the fifteenth, where you had to drive over the pond. Keep it down and go through.

It was easier to drive the car, he thought, his own comfortable contraption, old now, more than ten years, an antique; but he liked the solid, self-respecting lines, as though it wore a bustle in the rumble. These new things that faded away into nothing behind—bah! Same way with furniture. He liked the old stuff, and he thought happily of the extra money he had brought along; for the professor had found an old widow with an old sideboard. They would go there after the golf. "Real antique," the professor had said. "You'll fall. You're nuts." "I'm not nuts," Pop retorted, but he brought the money.



The boy read slowly this

Swinging into Connecticut, going faster now on the fine parkway, Pop noticed a few drops of water on the windshield, which was strange, with no rain and no puddles about. Through the rear window, as he glanced in the mirror, he saw a peculiar kind of smoke coming out of his exhaust. Then the engine began to stutter and whine, and the more Pop stepped on it, the slower the car went. There was an unpleasant smell of smoldering inside.

"Hey, Pop, water, water!" a driver shouted as he whizzed by, and that was strange, too, for they had





strange document. Flo took Pop's arm in both of her hands

put in plenty of water at the garage. The smell and the whine increased. Pop pulled off the road, stopped in the grass, turned off the engine, got out and lifted the hood. He prided himself on knowing how to lift the hood. His pride vanished as he pulled his head back from the hot smoke that curled evilly out of the car. "Hell," said Pop, "this is it."

At the roadside, passing drivers saw the little white-haired fellow with the square jaw standing sturdily beside his car, looking, waiting wistfully, the hood still up. They laughed and went on. Pop

did no waving. He waited, standing at attention, confident of human nature. But they all went by. Half an hour, three quarters—ah, well! Pop felt lonely, in this whizzing sunlit world.

Then a car coming from behind pulled off the road just ahead and stopped. A tall, husky young fellow got out and walked back over the grass, grinning. Good old human nature, thought Pop.

"Hello," said the young man, "in trouble? Thought I might help."

"Ah, thank you," said Pop. "You're the good

Samaritan. Yes, I think there's some trouble. You see, I don't know anything about the insides of a car."

"Guess you don't," said the young man, as he put his head and both arms into those strange insides, feeling about, silent, intense, then wrestling over something with his wrists. To Pop he seemed nothing short of wonderful.

At last the head and arms came out. "You're out of commission, Pop," he said, arms akimbo.

"How do you know my name's Pop?" It was a belligerent question.

"Couldn't be anything else," laughed the young man. "Now, look here, Pop," he went on, like a lecturer, "your hose pipe is gone in two places, can't be fixed here. Water all gone. And your engine's still hotter'n hell. It's a wonder the damned thing didn't blow up in your face and give you a free trip to heaven."

"Blow up in my face?" asked Pop in dismay. "Do they do things like that?"

The good Samaritan burst out laughing. "Come on now, Pop, I'm in a hurry," he said in a fatherly way. "Lock up your car and get in with me. I'll take you to the garage where I work. It's in my town. We'll send back the tow truck and bring your car in and fix it. Picking up business on the roadside, what? Hurry up, Pop."

"Bless my soul," said Pop. "Okay," he added, hurrying.

When they were on their way, Pop asked, "What's your town?"

"Peyton."

"Peyton? Never heard of it."

"Nobody else ever did," said the boy grimly.

"Hick place, up toward the hills."

"Going pretty fast, aren't you?" asked Pop after a moment. He had seen the hand pointing to 70 on the dial.

"Not much," said the young man. "They let you do 55 here. Got to be there by noon."

"By noon!" It was nearly noon now.

"Yeah. Auction. Something I got to get." The young man chuckled. "Clock, for my girl friend—funny, eh?"

"Oh," said Pop, as the young man turned and shot a quick glance at him, still doing 70. Pop's toes, nervous with the speed, were curled up tight in his shoes. His fingers were digging into the palms of his hands.

"Yes," said the driver, reassured, and wanting to talk. "Father died, no mother, lot o' children, selling everything. Flo wants the old clock, big one, stands in the hall, always in the family. Ratty old thing, but Flo wants it."

"Flo?"

"My girl friend." The boy waited a moment. "I'm going to marry Flo."

"Oh. What's your name?"

"Jim. Jim Turner." Then the boy laughed. "Just borrowed \$50 from a guy in Greenwich. Hope I got enough."

"I hope so," said Pop, and suddenly shut up, as he fingered nervously the bulge over the wallet inside his own pocket. He felt sure his rescuer meant him no harm, but—going off like this with a

stranger? Then he smiled. He guessed \$50 was not enough. For Pop knew about grandfather clocks. He had always wanted one for himself, an old one that chimed the hours, but he never could quite afford it.

They turned off the parkway and went more slowly, up the winding road toward the hills. At the garage the work was fast. "Well?" inquired the good Samaritan, when he had given the instructions.

"Mind taking me with you?" asked Pop. "I've got quite a while to wait, I guess." He had telephoned the professor, calling off the golf and the sideboard and feeling badly about it.

"Okay, come on," said the young man.

The family possessions were all out on the lawn in front of the little white house, 'neath the elms of Peyton. Crockery, furniture, books, mirrors, they were all there in the sunshine. The big clock stood by the front door, tick-tocking along as it had for 100 years. The neighbors covered the lawn, and the auctioneer was selling off a long mirror. Pop saw his new friend go straight to a girl by the door, take her by the hand and whisper. The boy was taller, dark hair and big shoulders. Pop looked at the girl's light hair, blue eyes, plaid dress. Contrast, he thought, and then, she's pretty, too. They made a little picture of their own as they stood together. The young man was pointing toward Pop. Must be telling her about him.

In a moment he beckoned, and Pop went over and met the girl. He thought she was worth several old clocks. He turned to look at the clock then, fingering it, listening, cocking his head to one side the way he did when he drove a golf ball, as though he were a

bird listening for a worm. It was a pretty good clock. "I'd like it myself," said Pop with a grin, and his new friends laughed. He rubbed the dust off his fingers, walked away and sighed as he sat down on one of the camp chairs that the local undertaker had provided. He was out of it.

The auction took some time. The bidding was slow. Neighbors, careful. Pop fell to wondering about the human nature of neighbors, picking the little estate to

pieces at the least cost.

"And now, ladies and gentlemen," called the auctioneer at last, "we have here a valuable old grandfather clock, a genuine antique. Old cherry, brass trim, chimes the hours, tells the quarters of the moon." He pointed to the cherubic full moon peeking out of the slit above the number twelve. "Heirloom." He ran on a little, then suddenly barked, "What am I bid?"

Pop looked over the crowd. They all seemed to be neighbors. After all, it was a small auction.

"Five dollars," said one of the neighbors.

There was a titter.

"Ten," said another.

"Twenty."

Then somebody said, "Thirty," and another, "Forty." The auctioneer went on, for several minutes.

"Fifty." It was the young man. He said it very firmly, then seemed to blush. The girl stood closer to him. There was a wait, while the auctioneer

(Continued on page 86)







**WHETHER we like it or not, we are spending some \$100,000,000 a year to further the cause of state socialism in the United States**

# The Lobby that Taxes Built

By **JOHN M. VORYS** *U. S. Representative from Ohio*

**A** TORRENT of government propaganda from Washington is steering America into the moods, manners and methods of state socialism.

Our federal publicity and public relations activities now cost taxpayers more than \$100,000,000 a year. This gigantic engine of public enlightenment and cultural guidance spearheads the most powerful and dangerous lobby in our history—the federal lobby for state socialism, American variety.

This tax-supported lobby works unceasingly for federal housing, federal power, federal invasion of education, socialized medicine. It promotes federal funds for rural telephones, and demands every year gigantic new valley authorities patterned after TVA. It campaigns militantly for larger subsidies for public works, and for ex-

tension of many wartime economic controls into the postwar era.

It wants broader and ever more costly national programs for individual assistance, more federal aid for airports, roads, hospitals, forest trails and parks. It wants a separate national health institute for government-controlled research in every major disease which afflicts humanity.

The federal lobby measures all progress only by the growth of the government payroll and the increase in its own spending powers.

Every private citizen who is hired to influence action on measures before Congress, his own or those of his business group or trade association, must register as a lobbyist. But the agents of the federal lobby, on the public payroll, swarm the corridors and cloakrooms of the House and Senate without regis-

tering. Their purposes and sponsorship are unpublished in the official records. They report no expense accounts.

Most taxpayers do not know they are supporting this insidious lobby. Yet when a senator or representative rejects its proposed programs he finds himself frequently the victim of official wrath, with the whole power of the government propaganda machine turned upon him in ridicule and name-calling. This machine is the first tool of the government lobby for socialism.

Most large, successful businesses maintain their public relations departments. Keeping the community informed on matters of policy and public interest is a basic function of management. Without good public relations, business loses step with the times. Doubtless these

maxims apply in some degree also to the public business—government. But my office mail reveals that the taxpayers do not see the need for federal publicity on its present scale.

Our federal establishment got along quite well 20 years ago on about one fourth of the current expenditure for press releases, pamphlets, booklets, motion pictures and related informational services. Since then the federal Government has grown alarmingly in size and cost. Quadrupled government publicity may be a cause rather than a result of this growth. With radio, newspapers, magazines, newsreels and television competing fiercely today for facts on government, why does the federal establishment find it necessary to operate 18 different public information departments at such shocking over-all cost?

A recent report from the Bureau of the Budget to the Hoover Commission reveals that our federal agencies employ 2,327 full-time workers in publicity and public relations activities. Another group of 1,212 men and women give part of their time to the publicity divisions. The combined annual salaries of these 3,539 informational employees for the fiscal year 1948 aggregated \$13,043,453. Can we afford—do we need—more than \$1,000,000 a month for salaries alone in federal public relations?

Editorial and research salaries are but a fraction of the publicity bill. Printing of pamphlets, books and how-to-do-it leaflets costs another \$45,000,000 a year. Mailing costs, computed at regular postal rates, are running at the rate of \$42,000,000 a year.

All of this is for domestic consumption. The State Department's "Voice of America" activities cost an additional \$40,000,000 a year. This organization for overseas broadcasting and information services employs, at home and abroad, 4,500 full-time personnel.

We need propaganda weapons in the cold war. Our press, radio and other media do not reach the right places overseas, so we have our Government tell the story of America to the world in darkness. But do we need a machine two and a half times as costly at home to tell the story of our own Government to our own people?

The Senate Appropriations Committee reported in March, 1949, that when it asked each government department for one sample copy of every publication released during the fiscal year 1948, "one department begged off be-

cause its output would comprise a stack of publications estimated to be 52 feet high."

"Another department begged off," this report continues, "on a group of publications which would fill, according to their own estimates, seven file cabinets of four drawers each."

The Department of Agriculture maintains a publicity and information staff of 525 persons. Salaries range from \$1,900 to \$10,000 a year. The department's Office of Information has 21 branches in the states and territories. The budget for 1949 was \$2,307,000, plus \$2,097,000 for printing and binding.

In a nine-month survey period clocked by the House Committee on Expenditures in the Executive Departments, Agriculture's information staff distributed 1,998 press releases plus 837 radio scripts, 17 new motion picture films, 14 new pamphlet titles, and 120,000 copies of its weekly chitchat sheets to magazine and newspaper editors.

The department's motion pictures are distributed free through 78 film stations from coast to coast. Its mobile exhibits for county fairs made 2,100 showings last year. Radio time contributed by stations and chains for Depart-



Most taxpayers do not know they support a federal lobby

ment of Agriculture scripts was valued at more than \$500,000. Today this publicity machine has all stops out to win national support for the Brannan Plan.

The latest catalog of government motion pictures offered by all departments, as compiled by the Library of Congress, lists 1,330 film titles available through 34 agencies. Many are visual training films taken over from the military services after the war, but several

hundred are of the so-called "documentary type," lauding, sustaining, glorifying or pleading for expansion of some federal activity or program, such as soil conservation, irrigation, public power or government housing.

No less than five different federal agencies combine in their drive for more federal housing. An inquiry by the Expenditures Committee in the Los Angeles-San Diego region in October, 1947, revealed the details of "operation election" by federal housing officials, whose pressure-group methods since have been observed in many other areas. At a regional conference of federal and local housing officials in California, the opening address was by Dillon S. Myer, who was then administrator of the Federal Public Housing Administration. He stressed the public housing issue as a life-and-death struggle between "a small group of power-hungry men, and the larger interests of the world as a whole." He named as the power-hungry men, the officers and trustees of several national associations and research foundations opposed to public housing on the grounds of state socialism.

After Myer's address employees of the regional office of the housing administration were solicited for campaign contributions, in flagrant violation of the Hatch Act. During the ensuing campaign, election posters were displayed in every federal housing project in the area. "Save your home!" these posters screamed. They supported, by name, a candidate publicly pledged to more public housing. He was elected, displacing a man who had publicly rejected more federal housing as more socialism.

The committee's record shows 836 housing authorities throughout the country. Rep. Ralph W. Gwinn of New York testified: "The party that builds the public housing selects the tenants. So we have allocation of space in many of these cities on the NKVD plan of Moscow. Although our public housing is very new in some parts of the country, the vote runs as high as 92 per cent for the party that built the houses. In New York, Detroit and Cincinnati, where we checked, we found that true."

Over the past ten years the Federal Security bureaus have spent more than \$20,000,000 in a campaign for socialized medicine. The component bureaus and divisions of Oscar Ewing's Federal Security Agency are spending approximately \$2,000,000 a year in publicity and public relations. The



capsheaf of this gigantic educational campaign is a government study styled "The Nation's Health," a book of about 200 pages, on which more than \$1,500,000 has been spent since the summer of 1948 in editorial expense, printing and mailing. Copies have gone free to women's clubs, civic groups, high school and college libraries.

Of this work Dr. Paul R. Hawley, wartime chief of the Army Medical Corps in Europe and later medical director of the Veterans Administration, said in a letter to Sen. Henry Cabot Lodge of Massachusetts: "The large part of its contents is true; and this tends to obscure the downright lies with which it is interlarded at strategic points."

The annual convention of the World Medical Association at Geneva, Switzerland, in September, 1948, carried in its published minutes this sharp admonition:

"It would seem there is a group—nonmedical—which, in its campaign to establish state medicine throughout the world, follows a definite pattern: 1, to discredit the medical profession with the public; 2, to abolish free choice of physician and hospital; and 3, to bring about the regimenting of the medical profession under state control, eventually as full-time salaried servants of government."

From my vantage point on Capitol Hill, I do not see why the entire medical profession of the United States should be placed on the defensive, at the taxpayers' expense, by a certain line of government propaganda, which, as Dr. Hawley points out, is based almost entirely upon socialistic concepts of policy, and supported largely by distorted statistics compiled and distributed at public expense by our own Social Security Board.

Another type of pressure for more spending was discovered by the House Expenditures Committee in its investigation of the Interior Department. For the fiscal year 1947, the Bureau of Reclamation reported to Congress total carry-over funds of \$44,000,000. Within 60 days of the close of the fiscal year these funds were discovered to total approximately \$88,000,000.

"The gravity of the error is such that those responsible for it should no longer be trusted by the Congress," said the committee's report to the House.

As measured by the billed value of printed matter from the Government Printing Office, the Department of Commerce was a close second to Agriculture in publicity



A federal lobbyist can tread the Capitol with impunity

activity, with \$2,041,828 for the year; followed by the Federal Security Agency, \$1,305,542; State Department, \$1,175,396, and Interior, \$996,503. Free radio time, in amounts undocumented in the hearing record, also was reported by the Army, Navy, Air Force, Treasury, Social Security Board, Public Health Service, Interior Department and Tennessee Valley Authority.

In addition to the familiar government pamphlets, official reports and bound annuals, the federal publicity agencies employ every known medium and channel of intelligence transmission. These include press service, radio, television, group contacts, paid advertising, educational cooperation, traveling exhibits, motion pictures and film strips, lantern slides, traveling lecturers, photographic service and magazine research assistance.

In addition the Government Printing Office turns out every month 118 federal periodicals. Virtually every department and bureau has its own house organ. The

Department of Agriculture and the Federal Security Agency publish 12 each; Commerce seven; Interior and Labor four each. The Office of Education offers free of charge 1,200 educational radio scripts and 275 platter transcriptions.

Although the Government Printing Office occupies 33 acres of floor space and employs 7,900 full-time workers, it has not been able to keep abreast of bureau demands. A Hoover Commission survey reported 61 subsidiary printing and duplicating plants in the Washington agencies, and 25 others in Philadelphia, 23 in San Francisco, 16 in New York, six each in Kansas City and Denver. Printing and duplicating machines in these secondary plants were valued at \$8,000,000. In addition, the Government Printing Office awards commercial contracts every year to the extent of about \$12,000,000.

Sen. Millard E. Tydings of Maryland put government publicity end to end for one week. It made 2,030 pages in typewritten form—46

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# They Find Gold in Old

By GEORGE FRAZIER

**F**OR THE first 19 of the 25 years he has been practicing law at 128 West 66th Street in New York City, a balding, benign-looking man of 46 named Jacob S. Schneider was recognized by courts and clients alike as a model of dependability. In September, 1944, however, Schneider suddenly began to act a little peculiarly. Without a word of warning, he would bolt out of town and not reappear for days and sometimes even weeks on end.

No one seemed to know where he had gone and he, for his part, obviously was none too anxious to enlighten them. At any rate, when pressed for an explanation of his quixotic behavior, he would grin sheepishly, mutter something about "a personal matter," and let the subject go at that. It was pretty perplexing and, inasmuch as he still makes such abrupt departures, still is.

Everything considered, however, Jake Schneider is actually being the soul of discretion in refusing to provide professional acquaintances with a specific reason for his impulsiveness. In any event, the wide speculation aroused by his slippery wanderlust is downright conservative compared with what the reaction probably would be if he were to explain that he had flown to, say, Memphis in order to check on a rumor that somebody down there had a

**COLLECTORS** always have been rated somewhat zany, but the record chaser bows to none

copy of King Oliver's fabulously rare Gennett record of "Zulu's Ball" for sale. As a consequence of six years of such dedicated pilgrimages, however, Schneider now owns what is generally acknowledged to be the largest and most select collection of popular phonograph records in the world.

The more than 100,000 almost unobtainable discs that Schneider has gathered since 1944 (80 per cent of which are in new or, as the trade puts it, mint condition) include such disparate material as readings by William S. Hart, Marie Dressler, and James Whitcomb Riley, "the Hoosier Poet"; songs by George M. Cohan, Bebe Daniels and Rudolph Valentino; and rock-solid or, as the purists would say, righteous jazz by the incandescent likes of Louis Armstrong and the late Bix Beiderbecke.

Authorities on this sort of thing estimate that if Schneider were to dispose of his entire collection

**The Commodore Shop in New York is a mecca for people interested in jazz**

PHOTOS BY VICTOR DE PALMA





# Albums

over a period of five or six years, he would realize around \$250,000 on it. However, even if he should, as seems improbable, some day put his library up for sale, it is not likely that he would ever renounce collecting entirely. "It gets in your blood," he says, echoing the steadfast opinion of thousands of other collectors throughout the world.

As it happens, Schneider has, at one time or another, had dealings with most of these people. In doing so, he has often found it necessary to strike odd bargains. Thus, in cases where his far-flung correspondents cannot send money out of their homelands, he frequently has accepted barter—even unto strings of beads—in exchange for records. This is but one aspect of the grim humor he has observed in his six years as a collector.

"For instance," he says, "there is a fellow up in the Bronx who has been living with his wife in a three-room apartment. His collection finally got so large that he began to stack records in the bathtub. This was a little too much for his wife, though, and now she's suing him for divorce. The funny thing, though, is the husband, instead of being unhappy, is thrilled at the prospect of the extra storage space he'll have when



**Jacob S. Schneider, lawyer by profession and collector by desire, owns more than 100,000 popular selections**

**Rudy Blesch (left) and Bill Grauer, disc experts**



**One of the "faithful" bends an ear**



she moves her possessions out of the apartment."

Schneider, who likes to buy up entire collections at one swoop, often has found that romance is of great assistance to him in his negotiations for purchase. Some of his best buys, in fact, were acquired from men who were about to get married. "It's either me or your records," the fiancée would say. "Naturally," says Schneider, "such an edict put me, the prospective purchaser, in a more tenable position."

Oddly enough, thoroughness—that is, the urge to achieve completeness—is about the only trait all record collectors have in common. This, after all, is a hobby in which one man's Meade (Lux Lewis) is more than likely to be another man's poison.

A New York advertising executive, for example, disdains everything but Crosbyana and for years has been concentrating on acquiring every note that Bing ever put on a record. His library of some 9,000 Crosby items includes every commercial record Bing ever made, not only on domestic, but on all foreign labels as well; the soundtracks of all Crosby's motion pictures; recordings of every broadcast as far back as the Cremona cigar programs on which The Groaner was sometimes stricken with what the announcer euphemistically described as laryngitis; some 2,000 United States government-owned recordings, such as V-discs, which he is permitted to keep only by special dispensation of former Attorney General Tom Clark; and several unique items which were recorded by Bing for his own amusement and later smuggled out of his home by servants.

For all its inestimable value and charm, however, this Crosbyana would not hold too much enchantment for a San Francisco cab driver named Joe Madison unless it happened to contain a rendition of "Tiger Rag." Madison's hobby is acquiring every

recording of this Dixieland tune in existence. At the moment, he has more than 270 different versions, including tunes like "Hot and Bothered" and "High Life," both of which utilize the "Tiger Rag" theme.

Specializing in particular songs is, indeed, one of the most popular facets of collecting. A Los Angeles policeman named Elmer ("Happy") Ruggles, for instance, spends most of his free time tracking down recordings of two venerable jazz tunes, "Panama" and "That's A-Plenty." The song most in demand, however, is "Star Dust."

One specialist in this selection—a young man named Jim Newlands, who is referred to by other collectors as "Jim Star Dust"—has approximately 150 different versions of it. On the other hand, there are those who, like the advertising executive who fancies Crosby, concentrate on garnering particular bands, instrumentalists or singers. At the present time, Louis Armstrong; the late Bessie Smith, a magnificent blues shouter; Duke Ellington; the late Jelly-Roll Morton, a distinguished jazz pianist; and Benny Goodman appear to be in the greatest demand.

In view of the intensive recording activity of certain artists, some of the specialists in their work seem to have accomplished wonders. A Red Nichols fancier of Mt. Vernon, N. Y., for instance, has managed to collect some 500 different records by that artist. Among other hazards, this collector has had to contend with the fact that Nichols, to a greater extent than most band leaders, utilized a number of pseudonyms when he was employed by companies other than the one to which he was under a supposedly exclusive contract.

Known on the Brunswick label as Red Nichols and His Five Pennies, he and his hand-picked little

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Duane Decker, New York enthusiast, goes in for the old-time clarinet solos



Music stores that also carry recordings with old labels are magnets for people from virtually all walks of life





# Why Your Doctor Plays It Safe

By GREER WILLIAMS



THE OLD medicine man is gone but doctors and pharmaceutical houses have a constant fight with people who try to bring him back on the scene

THE SADDEST chore of a science writer in bringing the public news and stories of medical advances is answering the mail that follows publication of a story. It is tragically unlike that usually received by celebrities and, in truth, constitutes a dissenting opinion on the wonders of modern medicine.

Rarely do the readers of science writers' articles, in their letters, achieve the amusing level of the State of Washington woman's chatty complaint about dentists. She had, she said, a bureau drawer full of misfit false teeth. Some letters are bitter; some naive; a few are from cranks. But most are serious. They come from sick people or are about sick people.

The other day, for instance, an elderly man wrote me about his wife. She had been in four hospi-

tals and had been to 20 doctors without apparent relief from her trouble, which he described in some detail. "If you can steer me to where I might get hold of the right doctor," he said, "I would thank you from the bottom of my heart."

This is the sorrowful burden of these letters—a search for the right doctor and the right medicine. Some persons have been known to break up their homes, draw out their savings, borrow money, get on a train and cross half the continent on faith—faith in a newspaper or magazine piece reporting a medical discovery which, it would seem, is the answer to a million prayers.

A savage hope propels the sick and the disabled and their loved ones to seek help anywhere. Hun-

dreds—sometimes thousands—of letters will pour in on the writer who brings “new hope” or “good news” for persons suffering from, say, cerebral palsy, asthma, arthritis or leukemia.

These desperate souls stand ready to become anybody's guinea pig. Often the doctors or the hospitals mentioned by a medical reporter receive more letters than he. Dr. Wendell J. S. Krieg of Northwestern University Medical School in Chicago learned this not long ago.

From his scientific report, the press picked up his cautious speculations about future brain research that might, in time, lead to the development of artificial electrical eyes and ears tying into the nerve centers operating these organs. Dr. Krieg was surprised to receive a large batch of letters from the blind and the deaf, grasping at this straw. A Montreal widow, 66, offered “to put myself and my body at your disposal.”

These letters, with their indelible stain of past disappointments, provide proof, if any were needed, that hope springs eternal. But they prove a great deal more than that.

They prove that a lot of us just aren't finding all these medical miracles we hear about. Strangely enough, you get the same story by reading such scientific publications as the *American Medical Association Journal*. Current medical literature unfolds the benefits of each new discovery, to be sure, but a considerable part of it is devoted to the failures, limitations and hazards of various methods of treatment.

Recently, for example, the *Journal* carried a warning from its Council on Pharmacy and Chemistry against the latest “new hope for millions.” You've probably seen the widespread publicity suggesting that the use of various antihistaminic drugs means good-bye to the common cold. There is no question that antihistaminics will relieve symptoms of allergies and allergy-like conditions in most cases, but most medical authorities believe the common cold is a respiratory infection due to a virus most likely to strike when the body's resistance is lowered by fatigue, exposure or stress. Stating that the evidence does not yet justify the claims made for antihista-

minics, the Council announced:

“Cases already are reported and records show that about one third of those who take these drugs become drowsy or even fall asleep while at work or in occasional cases even when driving cars or operating machinery.”

Such sane but unsensational appraisals too often get lost in the majority report on medical magic. It is true, we like good news, and pay large sums to get it. We all want hope. We live by it and, in fact, cannot live without it.

Hope is the priceless ingredient of good medicine—so priceless that it is unthinkable that anyone would adulterate it by exaggerating the value of a treatment or by falsifying its promise of cure.

Nevertheless, the truth is that—because we do have some wonder drugs and some wonderful doctors—because we are getting more health-minded and more demanding in our quest for good health—the public today is being oversold on the magic powers of medicine.

We are being caught up and swept on the wave of one alleged marvel after another. By *we*, I mean all of us—people, patients, doctors, pharmaceutical companies, health educators and, of course, editors and writers. A few, to be sure, are far less responsible

and conscientious than others in their sensationalizing of science.

Let us look at the reverse side of the golden medical coin. It is time for someone to speak out against the exploitation of the sick by opportunists who—quite unlike the old medicine showman—wear a mantle of reputability and talk as if they knew science and understood its rules of evidence. Unfortunately, there are some who do not.

Often these persons—some of them writers and others doctors themselves—defend their position by charging that the medical profession resists scientific progress and withholds its wonders from the sick public. Sure, medical practice does have its standpat-ters. Some are incompetent to practice. There are some so old-fashioned that they will sweat and purge an acute nephritis patient, at some risk to his life. Some still use lengthy, expensive methods of treating gonorrhea, for instance, despite the established value of cheap, quick-acting antibiotics.

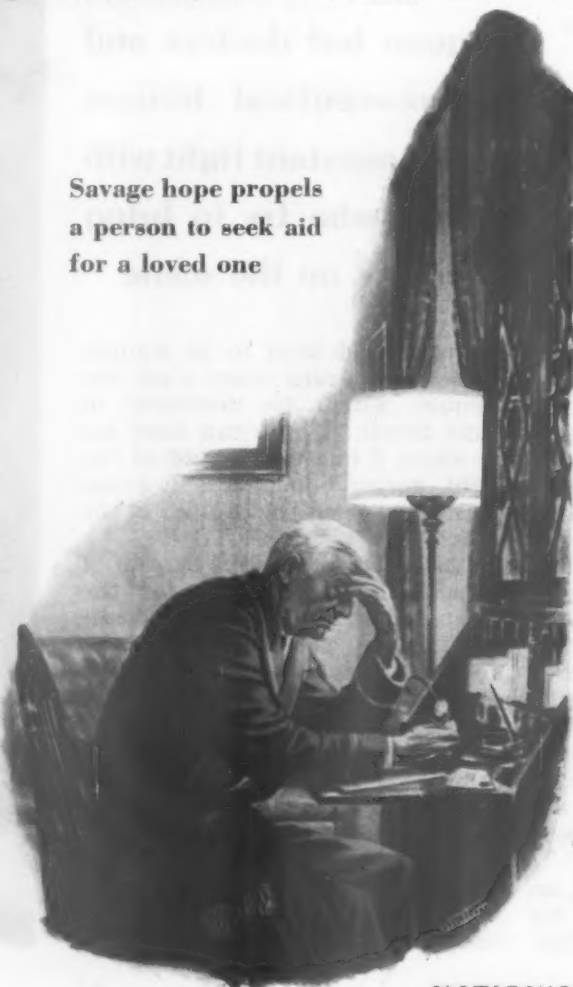
These days, however, there is a greater danger that doctors who want to be up to the minute will go overboard on new methods which look good in the original experiments but do not stand up under the acid test of general use in thousands of cases.

Between the old fogies and the enterprising doctors who jump on every pharmaceutical bandwagon which comes along stand doctors of all ages who prefer to exercise discretion and judgment. They dread the excited announcements of each new medical experiment, because their patients put so much pressure on them to use the latest thing. These doctors are aware that the latest is not always the best.

“I want to be the last man to use a new drug,” commented one of the best doctors I know, after telling me of one experience.

“I had a patient,” he said, “who claimed the sedative I was giving him made him doxy. He insisted on having a new one, just on the market. I was writing my first prescription for it last summer when I got a letter from the manufacturer, warning all doctors that the drug was being withdrawn because of possible harmful effects to the blood. My patient was so put out he

Savage hope propels  
a person to seek aid  
for a loved one





never came back. In fact, he didn't pay his bill."

The public doesn't realize it, but there is a strong disinclination among good doctors to take each other's word for anything. They know that the facts of a case are one thing but interpretation of the facts is quite another. Doctors, like everybody else, are capable of wishful thinking.

The wise physician views each new development in medicine with what may be described as watchful skepticism. He is not opposed to progress. He wants it. He also wants to study a new method and be reasonably sure of it.

He knows that medicine has its fads, and shudders to think of the number of tonsils and sinuses, for example, that have been surgically sacrificed in the name of health. He has seen the tonics, the gargles, nose drops, antiseptics, sedatives, laxatives, seasick remedies and athlete's foot cures come and go.

He remembers the "one-day" syphilis cures, burns treatments, cold shots, arthritis "answers" and massive doses of one chemical or another, all hailed in the beginning as gifts from the medical gods but, when investigators learned the whole story, all quietly heaved on the scientific ash heap.

I remember my own surprise, as a science editor in Chicago some 12 years ago, to see a professor—who had written a mocking essay about the 1,000 "cures" advocated for arthritis—come out in favor of injections combining three of the worthless nostrums he had listed—bee venom, turpentine and, I believe, alcohol.

Since then, two or three more arthritis drugs have had their day. Paradoxically, the two drugs which so far seem to have offered the greatest hope in the relief of rheumatoid arthritis—ACTH and cortisone—are so scarce that one scientist experimenting with them, Dr. Edward J. Rosenberg of Chicago, was moved to term it "a devilish thing."

"It drives a rheumatic, sitting in a back room some place, wild to think that some favored son is getting one of these drugs, but he can't," explained Dr. Rosenberg. "This is not so. This is not an accepted treatment. We are simply experimenting."

According to the most recent reports in the *A. M. A. Journal*, it may prove a good thing for the present that ACTH and cortisone are so scarce. Serious complications have resulted from treatment with these hormones in cer-



One woman produced her own miracle with some pills

tain cases. "Great caution" has been advised in their use.

What do we need to know to protect ourselves from publicity which raises our hopes with one-sided wonders?

How is it possible to make claims which are wildly optimistic and yet based on legitimate scientific experiments?

Dr. Hayden C. Nicholson of the National Research Council in Washington, D. C., points out a phenomenon which you might call the ups and downs in the life of a wonder drug. The curve is well known to anyone familiar with medical science.

It begins with research men announcing, at medical meetings and in scientific journals, the results of their laboratory and clinical experiments. Then other investigators see if they can get the same results, either to confirm or to reject the original claims. Often

enough, the evaluators get good results, too. The apparently worthwhile drug passes all its tests and goes into general production and use. Enthusiasm for it rapidly reaches a peak.

But, with the passage of time and the accumulation of hundreds or thousands of treated cases, doctors begin to report some unfavorable results. Perhaps the drug is making a few patients dizzy or upsetting their kidneys. Often, it may cure them of one disease and make them susceptible to another. Now

comes a wave of reaction, nearly discrediting the whole thing.

Interest hits bottom, and meanwhile perhaps another experimental drug pops up and wins attention in the same field. Gradually, however, thoughtful doctors work out the indications for use and the problems of dosage. Now acceptance of the drug begins to rise again. Eventually, it finds its rational level, usually lower than in the first stampede but much higher than during the disillusionment phase.

**SOMETIMES** a medical discovery appears to rise and fall so rapidly you can see it in the daily headlines of your newspaper.

That all this may happen should not shake our faith in science. We are not talking here about quacks and frauds. We are merely emphasizing that genuine scientists are human, too.

Research doctors try hard to get good results. Research patients try hard to get well. They get more care and attention along with their medicine than do ordinary patients who will be taking the same thing later on. Inasmuch as we all thrive on attention, the doctor's interest and consideration alone may be enough to move the patient along the road to recovery. It is not something you can measure, but there is no stronger medicine on earth than faith—until it proves a deception.

In addition, there is the possibility of a spontaneous, natural recovery as the result of purely supportive, or protective, medical care. Even in such tough ones as schizophrenia—yes, even in cancer, though it's rare—patients will get well without benefit of specific treatment.

To illustrate, a woman who had been reduced by arthritis to wheelchair invalidism came under treatment in a medical school clinic which was testing one of the famous new drugs. It seemed to have produced impressive results in others, so her doctor gave her a bottle of the tablets.

A week later, she walked into the clinic and reported that she had been up and about, doing housework and feeling pretty good. Here was one of those rise-and-walk miracles. The doctor called in staff members and medical students to demonstrate what the drug had done for this woman.

While he talked, the patient tried to interrupt him. "But doc-

tor," she exclaimed when he had finished with his findings, "I wanted to tell you, I didn't take that medicine. The bottle was marked 'drug,' and I won't use drugs." She had taken one of the most common pain-relieving drugs sold at any drugstore counter.

"The real miracle drugs," one doctor said, "are those that have withstood the test of time and usage."

The finest cures, he explained, are meaningless if based on the wrong diagnosis. I learned this during the war, from a survey made at the Maxwell Field, Ala., hospital. In a three-year period, various doctors—civilians in uniform—sent in 1,378 soldiers and WAC's with a diagnosis of acute appendicitis.

Hospital surgeons were able to confirm the diagnosis in only 405 cases, or less than one third. They could find no disease at all in 171, and 321 others were suffering from gastrointestinal upsets. Other conditions noted ranged all the way from 18 cases of pneumonia to one of black widow spider bite. Luckily, only one patient died.

In other words, no drug or meth-

of bad medical judgment was demonstrated in the case of a 40 year old Philadelphia salesman who went back home to Virginia to die. As the result of overtreatment with a sulfa drug for a minor infection, he had developed exfoliative dermatitis, a serious and often intractable disease in which large patches of skin peel off. His weight dropped from 190 to 130 pounds, and he became too weak to work.

In the salesman's home town was a young physician whom we shall call Dr. Brown. Becoming interested in the case, Dr. Brown tried everything he knew, discussed it with other doctors and called in a consultant from a medical center.

The patient's weight dropped to 80 pounds!

**DR. BROWN**, however, was in the habit of driving more than 200 miles one day a week to attend pathological conferences and make teaching rounds at a medical school. It was a sort of doctor's day off. He discussed the salesman's case with pathologists. Such patients, he learned, often die of acute yellow atrophy of the liver; autopsy shows the organ contains fat deposits.

This was a clue. Combing recent medical literature, Dr. Brown found a report on a drug which appeared to be beneficial in fatty livers, and apparently was harmless. Writing the author of the study for more information, he obtained a small supply of the drug, then in the experimental stage and not on the market.

With this treatment—strictly a guess but a guess made only after exhaustive study—the salesman's skin completely healed in two

weeks! In a short time, his weight went back up to 180 and he was able to return to work.

Here was the strange case of a man's life being wrecked by one wonder drug and saved by another.

It illustrates a critical point which eager pill swallowers (doctors as well as laymen) so often forget—almost every treatment entails a penalty as well as a reward, particularly if not used properly.

You can, for example, develop cancer from overdoses of the same X-rays which cure some types of the disease. Penicillin is a virtually harmless wonder drug, yet promiscuous dosing with it may toughen up the bacteria in your body to a

(Continued on page 81)



od of treatment is any more wonderful than the knowledge of the doctor who administers it. Sloppy diagnosis—medical leaders admit it is one of the greatest sins of the medical rank and file—goes hand in hand with indiscriminate use of wonder drugs.

**THESE** drugs have not simplified, but have complicated, therapeutics," wrote Dr. Francis D. Murphy of Marquette University School of Medicine in Milwaukee, emphasizing that the practitioner has to know when to use the sulfa drugs, which one to use, how much to use, how long to use it, what the drug does inside of you and what toxic reactions to guard against.

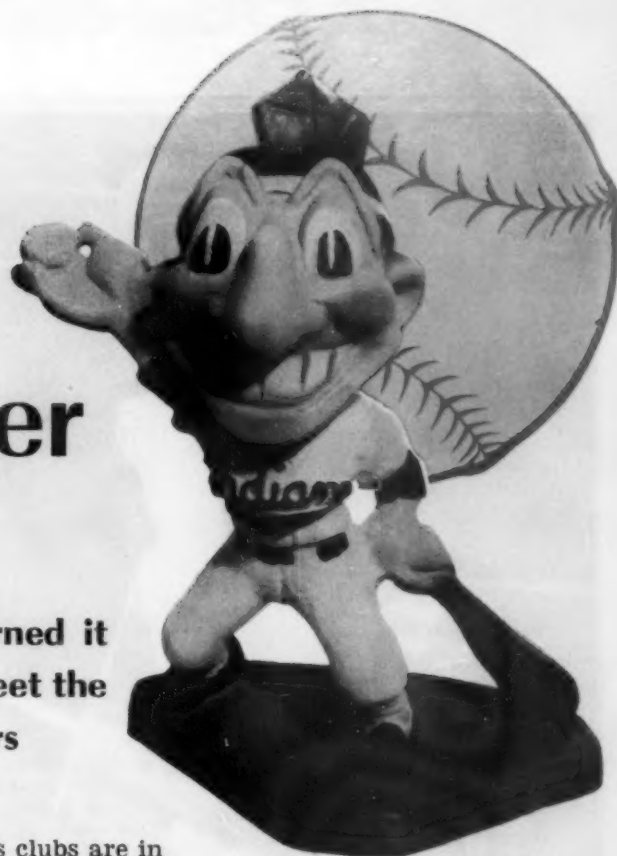
What can happen as the result



# Baseball's Notions Counter

By PAUL GARDNER

**MAJOR LEAGUE clubs have learned it takes more than gate receipts to meet the fabulous salaries of their top players**



Wahoo, Cleveland's delight

**B**ASEBALL, which draws \$36,000,000 from 60,000,000 annual paid admissions is branching out into profitable subsidiaries at a rate never envisaged by its legendary originator, Abner Doubleday, nor anticipated by such a conservative owner as the late Phil Ball of the St. Louis Browns.

It was Ball who once said:

"I don't care if they don't come to the ball game, as long as I've got my box."

Ball was interested in watching baseball—modern owners are interested in selling it in every con-

ceivable way. Today's clubs are in the publishing business (the Book of the Month Club would be glad to settle for the Cleveland Indians' sale of their sketch book); other clubs dispose of novelties, clothing, radio and television rights and concession privileges; rent everything but the kitchen sink—and one organization offers a tavern, lithograph plant and storage house right on the premises.

"We've got to branch out," asserts Fred Saigh, business man owner of the St. Louis Cardinals, "as the money made in these extra

enterprises enables baseball to keep its admission prices at practically a prewar level, except for taxes. And don't forget that it costs about \$125,000 for us to develop one major league ball player."

Concessions, of course, long have been a mainstay of baseball. The clubs, which generally rent out their concession rights to operators like the Stevens or Jacobs brothers, derive from 25 per cent upwards of the gross of concession sales, depending on the type of

Yankee Stadium is the home of the longest bar in New York





Some 2,000,000 baseball fans have watched Jackie Price do his stuff. The Indians are his agents—for a price



Connie Mack, who has made millions in player sales, hasn't overlooked his young rooters as an extra source of revenue

product. The concession business is so vast that it is an open secret that, during the depression, some concessionaires helped finance spring training trips of a few major league clubs. Outfits like the Cardinals and the Chicago Cubs, which own their concessions, earn fortunes.

"We got \$20,000 from our St. Louis Cardinal concession 20 years ago," says Saigh. "Now we gross \$600,000—and that's exclusive of our farm system."

The Cubs, who nestled comfortably in eighth place in the National League in 1948 and 1949, last year sold thousands of warm-up jackets at more than \$6 each to fans and 80,000 caps at a buck each.

Jackie Price is an acrobatic young man who stands on his head, batting baseballs, in exhibitions witnessed by some 2,000,000 people in ball parks in 350 towns and cities of the United States. Whenever he upends himself, the Cleveland Indians have reason to laugh. They serve as his booking agents—at a price.

In Sanford, Fla., the Mayfair Inn, long a 160 room white elephant, has been thriving so tremendously that, by last November, it was already sold out for the entire winter season. Unusual? Yes. The New York Giants began operation of the hotel a little more than a year ago, and folks from small towns who like to see their heroes train have grabbed at reasonably priced reservations ever since.

The longest bar in New York State, a 108 foot beauty which often is packed four deep, is not the property of the Stork Club, the Colony or the Third Avenue bistro where the man spent the last week end. No, this dispenser of drink is in the Yankee Stadium and is owned by the Stadium Club, consisting of 3,000 members. A baseball club is in the night club and restaurant business, buying its licenses even as the man in Omaha or Dallas.

What has been noticeable in the past few years in baseball's profitable subsidiaries has been the exploratory trend beyond the traditional absorption of hot dogs, peanuts, popcorn, soda pop and scorecards. Not that scorecards are bad. The Jacobses of Buffalo claim to place more scorecard advertising than anybody in the United States. But it is the latest wrinkles which give the new look to the game.

The Cleveland Indians, for one, grossed \$3,100,000 from the gate at home in 1949. Rudy Schaffer, In-



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HOME WATER SERVICE AND HEATING EQUIPMENT • RAIL CARS • FARM MACHINERY



dians business manager, and a young man schooled in the Bill Veeck aura of daffy maneuvers, estimates that nearly \$700,000 flowed in from extracurricular business—and that is not peanuts.

"We sold nearly 200,000 copies of our sketch book of the players," proudly states Schaffer. "I don't think many of the best sellers can top that."

He's right. The tales of derring-do of Bobby Feller, Lou Boudreau and other Indian stars were sold in Municipal Stadium, on Ohio newsstands, and by direct mail to fans in this country, Europe, Asia and South America. The price—50 cents a copy.

Cleveland's novelty trade is enormous. The Indians sell pencil clips with pictures of the various players; the laughing Indian, Wahoo, is an emblem, a plaster of Paris book end, and a paperweight who goes at \$1.50 a head; more than 100,000 sets of autographed photos, at 50c a batch, were sold last season. The Indians boast of a mailing list of 30,000 names for novelty items. They also have a baseball team.

Baseball of recent years has gone increasingly to people's heads—especially, those of children. Late in 1947 there were so many requests for old caps of players at the Cardinals' park that Saigh told his concession manager:

"There seems to be a big demand. Let's try selling our own caps."

**S**INCE the major leaguer's cap costs \$4.35 because of the big pricing on the sweat band, Saigh put out a cap for popular consumption at \$1. The Cardinals' organization sold 300,000 in one season. Caps are a big item at most ball parks now and lead to a conclusion by Gabe Paul, assistant to the president of the Cincinnati Reds, that "the most important advancement in concessions at ball parks has been the trend toward sound merchandising. Good concessionaires have learned that merchandising just like a store will pay dividends. No longer can a ball club expect its patrons to accept just any old item."

While experts in baseball itself constantly experiment with new ideas, suggestions pour in from outside business men by the thousands. The sport is peculiarly honored in that almost everybody claims he wants an endorsement for a product just to publicize baseball. The Dodgers once rejected such an offer saying:

"We refuse to have you go

through all this trouble to make us better known without your making any money. So we'll have to turn down the proposition."

Many ideas, naturally, are somewhat farfetched. One earnest woman fan wanted to put the pictures of Cleveland Indians on bean bags. Another thought that they would go well on plates—and she wasn't thinking particularly of Bob Lemon, the pitcher.

Even ball players like to get into the subsidiary act. Marty Marion, the Cardinals' shortstop, acted as an agent for a gadget at one time.

Occasional suggestions are snapped up. Ned Garvey, promotional director of Pacific Mills, a textile concern, persuaded the major league clubs and many of their affiliates to allow the sale of children's shirts and shorts with the script name of the club on them. The clubs were to be paid on a royalty percentage.

**ALTHOUGH** the shirts were not sold at parks when introduced in 1949, more than 1,000,000 wound up on loyal little backs. Enthusiasts would buy them at stores.

This year, Garvey was prepared to offer the shirts at the parks. It was his observation that this type of merchandising often fluctuated in its volume sales with the fortunes of the particular baseball club. This was true in the case of the Cleveland Indians. Gabe Paul of Cincinnati is another who feels that the standings affect the subsidiary sales.

His attention to the fact that everybody loves to pick a winner was dramatically riveted by what occurred in Cincinnati after Johnny Vander Meer had pitched his two successive no-hitters in 1938. It was Vander Meer's next outing, and the Reds were leading by a run entering the ninth. The occupants of a box were just about to buy six pennants when Max West of the Braves hit a homer to beat Vander Meer.

"Take back those pennants," the fans yelled at the startled vendor, "who ever said that bum could pitch!"

Inasmuch as baseball parks are open for the national pastime only for 77 games a year—the other 77 games are played away—the matter of outside rentals may loom importantly. Frank Shaughnessy, president of the International League, says flatly:

"Considering postponements, many parks are only open 60 days for baseball. I'd like to see a park in operation 200 days a year."

One of Shaughnessy's ideal gen-

eral managers is Buzz Bavasi of Montreal, a Dodger farm club. Montreal has, as tenants, a furniture manufacturing company, a printing establishment, a warehouse for a large department store and a tavern.

"We were only idle six of 144 days last year," reports Bavasi. "We had a wild animal show, a circus, international soccer games, rugby, amateur baseball, boxing, and even a concert."

Most American major league parks make up some of the rental slack in the off season by catering to pro football. The Chicago Cubs, with the Bears rampant on the Wrigley Field greensward, augment their exchequer well into six figures each season. The Philadelphia Eagles prance profitably at Shibe Park. Clark Griffith in Washington got a reported \$75,000 last year from the Redskins.

College football games and rentals of every kind have been held at various stadia, although perhaps the oddest was conducted at Yankee Stadium about ten years ago. Then 50,000 union members trooped in, David Dubinsky, president, asked how they voted, and after they had vocally signified their decision, he announced: "Thanks for coming." The meeting was over.

According to one authority this was the fastest big rental of a sports arena in history.

Midget auto racing, religious gatherings, track meetings, boxing and tennis matches, bombings for an Army show, and theatricals also have been run at baseball parks.

**M**AYOR William O'Dwyer of New York, when he was a lawyer during the early '30's, helped finance the appearance of a Gaelic football team at the Yankee Stadium. It rained. But since O'Dwyer was covered by rain insurance, he and his associates repaired to a local restaurant to celebrate. Then a friend rushed in, approached O'Dwyer unhappily.

"What's the matter?" demanded the future mayor.

"It's the insurance," wailed his pal, "that bond was good for daylight saving. Daylight saving ended yesterday—so it rained the wrong hour!"

Championship fights are a source of big revenue at Yankee Stadium, especially when a crowd-puller like Joe Louis is on. Buried in the ground, in a deep pit back of second base, are Western Union wires, telephone wires, and elec-

(Continued on page 76)





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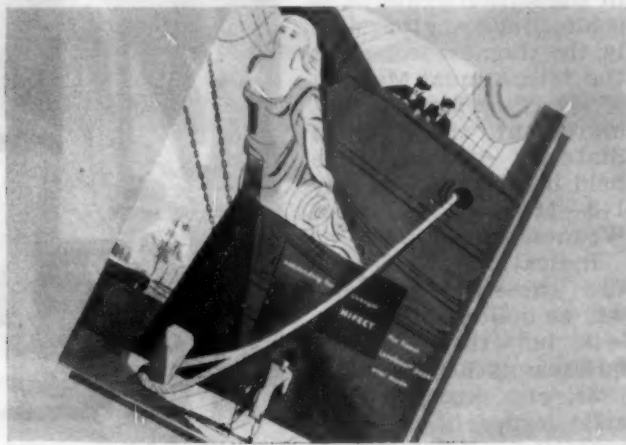
Now you can make every impression a far better impression—without an increase in printing cost! For standard-priced 1950 Levelcoat gives you the press performance and reproduction of *higher-priced paper*!

The secret is the new longer, stronger LongLac sulphate fiber—and Kimberly-Clark's own newly-perfected Georgia clay coating formulation. You'll see new whiteness and brightness, feel new smoothness, in all four 1950 Levelcoat papers. In make-ready, on low or high speed presses, you'll discover new economy and dependability. Finally, in comparing reproduction with that of any other paper, at any price, you'll agree there's a striking new difference in the quality of printing achieved—with less ink, less waste—on 1950 Levelcoat.

So regardless of your paper requirements—for long runs or short runs, for broadsides, magazines or house organs—look to Levelcoat for printability at its *best*. Yours—at the cost of ordinary paper.



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\*TRADEMARK



# Business Plans for Action

**"P**ERFORM something worthy to be remembered," urged Daniel Webster at the laying of the cornerstone of the Bunker Hill monument in 1825.

This aim, as fitting and worthy today as when it was voiced by Webster, is part of the inscription to be found on the frieze of the court of the National Chamber's headquarters in the nation's capital. It is also, quite appropriately, the theme selected for the 38th Annual Meeting of the Chamber of Commerce of the United States of America to be held in Washington May 1-3—Monday through Wednesday.

Indications are that the three-day meeting will be one of the largest—if not the largest—business gathering of the year, with business men, civic leaders and representatives of the country's outstanding business organizations taking part.

It will be a time for stock-taking, for looking into the future. Right now the outlook is bright, business good. But what if the cold war waxes hot? And what about the steady drift toward state socialism? What can business do to preserve the economic system that has made America the greatest nation in the world?

The answers to these and many other questions will be explored in order to set up a common policy of action for business during the coming year. In addition to getting a firsthand picture of what is taking place in the world today, delegates will gain a better understanding of the problems that the country now faces. But more important, they will return to their own communities imbued with a determination to do something about them—to help "perform something worthy to be remembered."



The Chamber greets delegates from all the country

The meeting itself promises to be long remembered, too. Already an impressive list of nationally known figures from business, government and the professions has been assembled to address the gathering, including Thomas B. McCabe, chairman, board of governors, Federal Reserve system; Sen. Robert A. Taft of Ohio; Paul G. Hoffman, administrator, Economic Cooperation Administration; Sen. Herbert R. O'Connor of Maryland; and Rep. John M. Vorys of Ohio.

In addition to the three general sessions—one each day—the meeting program includes such other events as:

**1. BUSINESS RESPONSIBILITY LUNCHEON**, Monday noon, May 1—The highlight of this general luncheon will be an address by Harold E. Stassen, president of the University of Pennsylvania. Entertainment will be by the United States Military Academy Choir.

**2. ORGANIZATION NIGHT DINNERS**, Monday night, May 1—Where one used to bloom, now there are two to insure a place for everybody who wishes to attend this popular annual meeting feature. Organization Night is the big occasion each year at which the National Chamber salutes the leaders of state and local chambers and trade associations—and their national organizations: American Chamber of Commerce Executives and American Trade Association Executives.

**3. FOR THE LADIES**, Tuesday, May 2—Naturally, all the sessions, luncheons and dinners will be open to the wives and daughters of the delegates. But, in addition, there is a luncheon especially for the women, as well as the traditional tea. Mrs. Herman Steinkraus, wife of the National Chamber president, will be hostess.

**4. STATE CONGRESSIONAL DINNERS**, Tuesday night, May 2—Each year the delegates to the meeting divide up into groups, according to the states in which they live. Each group has its own dinner at which representatives, senators and federal officials from that particular state are the guests of honor.

**5. AMCHAM BREAKFAST**, Wednesday morning, May 3—At this breakfast the National Chamber honors the representatives and delegates of the American Chambers of Commerce abroad. The featured event will be a round table discussion.

**6. ANNUAL DINNER**, Wednesday night, May 3—This is the blue-ribbon event of the Annual Meeting, a fitting and inspiring climax to a memorable meeting. Both the speaker and the entertainment will be headliners and, in themselves, well worth coming to Washington to see and hear.



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# Sewah Marks the Spot



AXEL BAHNSEN

When Edward Hawes started fooling with a wood-carving set he unwittingly founded a new business

**F**ROM a hilltop above the junction of the Ohio and Muskingum rivers, at Marietta, Ohio, Edward Mason Hawes and his Sewah Studios exert an uncanny influence on automobile drivers throughout the United States. Because of them, thousands of drivers often step on their brakes, veer suddenly toward the side of the road and crank down their windows . . . neither to buy a hot dog nor to listen for the sharp "ssss" of a flattening tire, but to learn when "George Washington slept here" and what Company G, Fifth Maine Volunteers was doing on the afternoon of Aug. 6, 1864.

Sewah designs and manufactures most of the graceful metal signs marking historic sites along the nation's highways.

More than 5,000 of these signs now stand at roadsides and in state and national parks from the Atlantic to the Gulf of Mexico and as far west as Oklahoma. They tell brief, colorful stories of pioneer homes, of battlefields of the Revolution and Civil War, the grassy ruts left on western prairies by wagon trains of the forty-niners, and the birthplaces of national industries. This year, new series will be produced for several of the Rocky Mountain and Pacific Coast states, as well as the western division of the National Park Service.

"Americans," Hawes believes, "are the most history-conscious people on earth, if the facts are presented to them in the right way. But they want those facts quickly, like a newspaper headline."

Many industries are discovering that tasteful metal signs set in landscaped plots near their plants build good will and tell their story effectively.

It was realization of this typically American urge to "go and see" that turned Hawes' job-escape of wood carving into America's first historical marker 20 years ago. His plant is still a small industry with

less than a dozen employees and his wife and sons as "the board of directors." Now, in his mid 60's, Hawes is the firm's art director, draftsman and only salesman. His son, Robert, has taken over management of the foundry. His other sons, although employed in Cincinnati and Seattle, are still consulted before any new design is issued.

Hawes was director of advertising and research for the Safe Cabinet Company in Marietta, now a subsidiary of Remington Rand, when his wife told him, humorously, to "stop bringing the office home with you nights." A week later, he found a wood-carving kit at his place at the dinner table. "I began to fool with the thing," he tells, "and before long I was leaving the office downtown where it belonged . . . and doing a better job there between nine and five as a result."

A year later, he was named chairman of the local Kiwanis committee to develop signs for Marietta streets. He puttered around with his wood-carving set until he had a design that met approval. It was reproduced in wood. The signs were satisfactory until the wood began to rot.

Hawes next sought to reproduce the soft effects of wood in metal. With the help of engineers and metallurgists, he discovered a mixture of aluminum alloy that could be cast with lettering on both faces. It held colored enamels well and was rust-resistant.

When Marietta held its "Ohio Migration Sesquicentennial" in 1937, Hawes designed a series of his new aluminum signs for the event. "From then on out," he says, "the hobby was a full-time business. That's when we got the name for the business. I'd turned my life around so I turned my name around, too. Hawes became Sewah."

The Marietta signs and his natural interest in American history soon led to designs for colorful highway markers that told the quick, easy story of "what happened here." Virginia and New York were then the only two states officially marking historic sites. Both used wood or metals other than aluminum and were having trouble with souvenir collectors and weather deterioration. As first-in-the-field with a sign that withstood both elements and souvenir hunters, Hawes soon found state historians and associations coming to him.

A big, bluff man who betrays his Pacific Northwest boyhood, Hawes lives in an old mansion close by the one-story shops where his signs are produced. Here in an easy chair, with a workboard that fits his ample lap, Hawes still "tinkers" with his wood-carving set.

New designs for the history lessons of the American highways and new concepts of "legends to fit the landscape" are worked out first on wood. Tinkering last fall, Hawes developed a technique for producing concrete posts that have the texture and appearance of aged wood. This year, scores of those posts were being erected across Kansas.

"History," according to Hawes, "is land and places, as well as people. The stories should be told out where they happened, as well as in textbooks. That way we Americans can get the full effect of our great traditions." —ROBERT WEST HOWARD



## The Lobby that Taxes Built

(Continued from page 43)

pounds and 12 ounces of material—enough to fill an average newspaper for four days, assuming no space for advertising, editorials, pictures or weather maps. In his official report to the Senate, Tydings described this material as "nothing more or less than pure propaganda" and "one of the most wasteful activities of the federal bureaucracy."

News photos and film strips are a powerful segment of the propaganda machine. Senator Tydings' committee found in the Washington agencies some 8,813 cameras, plus 19,078 pieces of auxiliary photographic equipment, and 57,717 pieces of photo processing equipment. Total investment in the federal picture plant was estimated at \$15,000,000.

"Our study discloses that this equipment is utilized to a considerable extent in illustrating and fostering the agencies concerned," the committee reported.

At one point during the war the flood of government mail matter swamped the Post Office. In May, 1942, "Editor and Publisher," the trade journal of newspaperdom, reported:

"The Post Office Department has protested against the flood of press releases, booklets and other materials placed in the mails by the informational experts of the bureaus, complaining that the increased burden is interfering with the handling of normal business."

A year later the Byrd Committee on Nonessential Federal Expenditures bluntly charged the National Resources Planning Board with a systematic campaign to condition national thinking to perpetual budget deficits:

"These documents, in the committee's opinion, are seeking to infuse in the public mind a theory which can lead only to a financial debacle in the federal Government. Stripped of their fine phraseology and innuendoes, they purport to show that the Government cannot, and should never, follow anything but a deficit policy. . . . They seem even to make light of the ever mounting debt. Such controversial matters (better termed propaganda) should not be sponsored at public expense."

A member of the House Appropriations Committee warned in 1947 that the government pres-

sure groups threatened orderly constitutional government.

"In my opinion," Rep. Richard B. Wigglesworth of Massachusetts told the House, "the enormous governmental propaganda setup is not only a gross waste of the people's money but makes for the destruction of the proper exercise of the legislative functions of the Government. . . . Government work efficiently performed needs no propaganda campaigns."

A like warning was sounded in a report from the House Expenditures Committee in 1947, when Rep. Forest A. Harness of Indiana, chairman, reported: "Congress insists there is a clear line of distinction between legitimate informational services and those operations which tend to build up pressure groups and mass public opinion in favor of more projects, broader programs, or federal intrusions into new spheres of paternal service. It is the latter operations which our committee seeks to itemize as to cost, scope and influence."

Congress has been increasingly aware of this government-made pressure in recent years.

"The greatest pressure that we have is from groups within the Government," said Rep. Homer A. Ramey of Ohio in House debate May 26, 1948, "the agencies themselves telling thousands of people in your district to write to you to pass this and that—to . . . spend more money, more money, and yet more money!"

The final report of the Harness Committee, in 1949, said:

"Everyone in Congress is keenly conscious of the tremendous power of this government propaganda machine, for he comes in direct personal contact with it every day. He lives with the lobbies, good and bad, which constantly seek to influence the course of legislation, and he can hardly fail to know that the most powerful of them all is the federal lobby."

"Whether the immediate purpose of government propaganda is good or bad, the fact remains that individual liberty and free institutions can not long survive when the vast power of government may be marshaled against the people to perpetuate a given policy or a particular group of officeholders."

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# How Big is a Monopoly?

By JUNIUS B. WOOD

**U**P ON "The Hill," which is the Washington idiom for Congress, two committees are bombarding monopolies. From their offices in Washington and in courts and hearing rooms in other cities, the Department of Justice and various agencies with the power to investigate or prosecute are firing at what they also describe as monopolies.

Monopolies are business and American business is under attack. With cold wars beyond our borders which may flame into real wars, an internal cold war—uncertainty and conflict at home—does not strengthen the nation.

Business, which is the nation's bulwark, is harassed and shackled. Merely calling any business a monopoly puts it under a cloud of popular distrust.

Any opprobrium which attaches to the word goes back to the times of Christopher Columbus when English kings were issuing patents

**THE Quiz Kids have it easy compared to the bombardment business executives face when they are called to Washington to testify**

of monopoly to their favorites. Monopolies, in return for winning a battle or for bowing on the proper occasion, varied from making powder for courtiers' wigs to building ships. Several American colonies were monopolies in the form of land grants.

Monopolies first appeared as a political issue in Congress in the course of a tariff hearing in 1827. This American species did not have a royal patent but was business which had become successful through its own efforts—the American way. Ever since then, congressional committees have investigated with increasing gusto as

business and industry grew. The emotional high was reached when a business man and a congressman reached for their revolvers and were hustled from a committee room. Along the way, Congress created government agencies which also investigate and take action against business.

The meaning and intent of the laws and interpretation by agencies and courts conflict. In the 1948-49 session of the Supreme Court, 11 cases affecting business were decided. A much larger number came before lower courts. Decisions were unanimous in only four of the 11 cases. In three of the



others, the decisions were by a margin of five to four. The votes on the entire seven showed only 61 per cent agreement on what the laws meant.

"Business does not know where it stands and from the record of dissents in the Supreme Court, I should say the court is having the same difficulty," H. A. Toulmin, Jr., attorney, of Dayton, Ohio, informed a House committee in this Congress.

"The Supreme Court cannot agree and is increasingly disagreeing whether what business does is legal or illegal," he continued. "How can a business man directing a vast enterprise know what to do?"

"The plaint of the average business man is: 'Why doesn't the law tell me in plain, understandable English what I can do and what I cannot do?'" Edward R. Johnston, Chicago attorney, told the same committee.

**I**N spite of the failure of the Government, or the inability of courts, to tell the business man what he can do, investigating or haling him into court for what he has done becomes more popular. Former Attorney General Tom C. Clark asserted while in office that in the 50 years before 1940, 479 antitrust actions, civil and criminal, were started against business. In the ten years ending in 1949, 508 were started. The theme of each suit was that a business had grown until competitors were in difficulties. On that, an opinion of Associate Justice Robert H. Jackson of the Supreme Court, says:

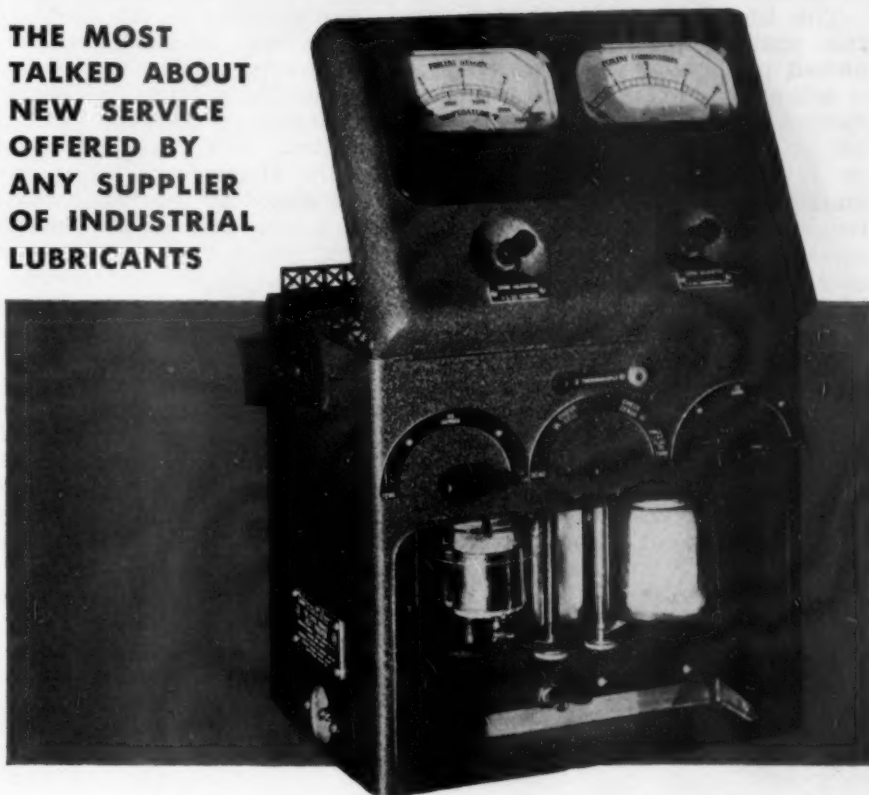
"If the courts are to apply the lash of the antitrust laws to the backs of business men to make them compete, we cannot in fairness also apply the lash whenever they hit upon a successful method of competing."

The business man does not know how far he can outdistance his competitors before his business is in that nebulous field where it is called a monopoly. He does know that, with the vague laws, the Government always can investigate or find grounds for charges.

The public, except for the rare monopoly experts, will be surprised to learn that—in spite of 100 years of investigations, as many laws and amendments passed by Congress, thousands of cases before courts and trial boards and a constant flow of literature from economists—no formula has been agreed on to identify a monopoly. The nearest approach is the recent decision by Judge Learned Hand

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in the aluminum case that a business becomes a monopoly when it occupies 90 per cent of the field and is suspect at 64 per cent. Whether the percentage is figured on a firm's total business, on its distribution of a particular article or on its financial resources is left to the investigators' pleasure.

The Sherman Antitrust Act—the antimonopolists' bible—was passed in 1890 to tell business what it must not do. The Clayton and Robinson-Patman laws which forbid price discrimination followed in 1914 and 1936. Close to 50 amendments in later sessions attempt to make the laws more specific. Still out of reach is the long-sought test which will identify a business as a monopoly.

**T**HAT bigness may be the test is the new theory of an antimonopoly committee of which Rep. Emanuel Celler of New York is chairman. It is a subcommittee of the House Judiciary Committee, a product of the present Eighty-first Congress. The committee put 1,000,000 words on the record in the first session and, after the recess, is again going strong.

As defined by committee specialists, the hearings are "to determine whether bigness in itself violates our antitrust laws" or, in more legal terms, "to prevent monopoly conditions wherever technical factors do not require 'natural' monopoly. This raises the question whether large concentrations of power may not have to show justification in terms of technical necessity."

A new government agency which will decide when business is big is in the making.

At the same time, the Joint Com-

mittee on the Economic Report with Sen. Joseph C. O'Mahoney of Wyoming as chairman and equally divided between House and Senate members, eight Democrats and six Republicans, also is calling in business men for questioning on the so-called monopoly problem. Like others, including business men who are stumped by the problem, the committees do not agree.

"A big country like the United States needs big business," Senator O'Mahoney told the Celler committee. The senator would make the chartering of corporations engaged in interstate commerce a monopoly of the federal Government. A corporation could do only what its charter specifies. A state would issue incorporation papers only for business within its borders.

Thus through the years, every Congress has put business on the anxious seat. The first session of the present Congress started 11 investigations in the Senate and 17 in the House and authorized \$1,178,000, in addition to regular committee allowances, for expenses. A few investigations are modest but more are elaborate. The Wheeler committee which investigated railroads in a previous session recruited a staff of 125.

Under the broad assumption that a business may have monopoly aspects, committees also grill particular industries—steel, meat, sugar, oil, railroads, public utilities, insurance and others which operate on a big scale. They are investigated in successive sessions of Congress and often by two or more committees in the same session. Steel producers started on the quiz program in 1911. In the present session, the Celler committee

investigates whether bigness makes U. S. Steel the price leader in the industry, the O'Mahoney committee investigates whether a price increase by the steel corporation is justified and a California court decides it is not a monopoly because it is big.

Investigations may stretch out like a romantic serial. Those of oleomargarine started in 1929 and Congress finally acts in 1950. A joint committee investigated coal companies for ten years, through 15 sessions of Congress. That started 25 years ago and the coal problem continues acute.

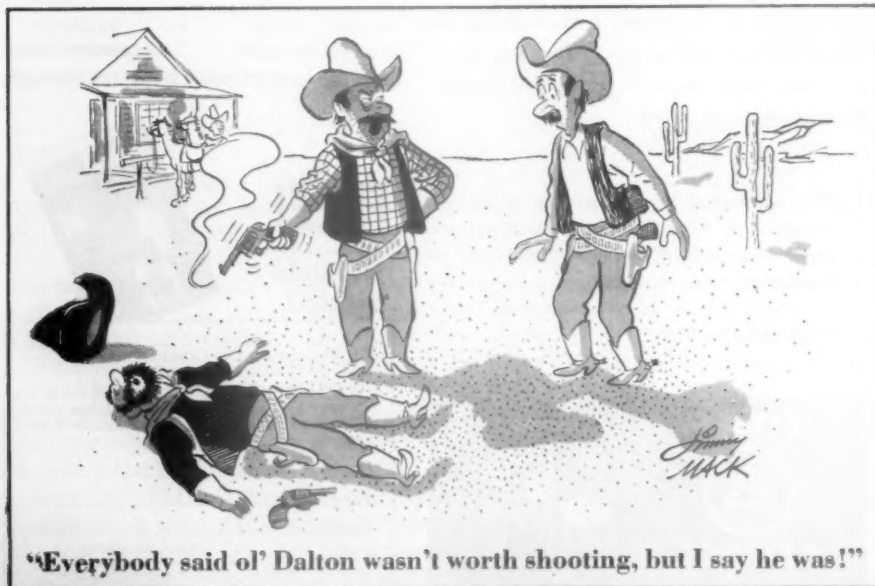
The Temporary National Economic Committee which Senator O'Mahoney launched in 1938, investigated for three years and spent \$1,000,000—but no legislation followed. Big names in business with attorneys and staffs appeared. Most of the data the committee wanted already was compiled by various departments and agencies. The committee could have telephoned.

**T**HE munitions investigation of former Sen. Gerald P. Nye resurrected many historical facts and branded munition makers as "Merchants of Death." When an alarmed military pointed out that the nation would be defenseless without munitions, the committee reported that our economic system was responsible for wars and everybody was to be blamed.

A Senate committee of the present Congress investigated coffee and surprised housewives were blamed for the price increase. Another committee investigated the gray market in steel, months after the normal production increase had ended the bootlegging. No matter how meager the results of an investigation, the disturbance to business is the same.

Reputations are made and others are ruined. A chairman's name identifies the committee in the daily reports and his name will survive for any bill which Congress passes. Investigating brings publicity, and business is always open for investigation. Appointment to the New York Supreme Court came for Ferdinand Pecora who, as counsel at \$255 a month, handled the investigation of stock exchanges in 1934. President Truman, Associate Justice Black of the Supreme Court and others made reputations as investigating chairmen.

The same bright future is not assured for the business man under fire. Whether he receives the treatment which is the right of







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any citizen depends on the particular congressional committee. Statements before a committee are privileged as on the floor of Congress, meaning there is no recourse in the courts for libel or false charges. A committee, certainly its chairman, knows what it wants to prove and witnesses are selected accordingly. Business is the defendant. Smears are as privileged as facts. A committee is its own sounding board and decides what it will hear.

Instances are rare where a business man or his lawyer has been permitted to question a witness whose statements might be challenged as unwarranted or untrue. Asking questions is a monopoly of committee members. Serious committees where "a sensation a day" is not the chief ambition invariably call the business man to tell his side of the story and frequently, as the present Celler committee, even delay publication of the record to include his prepared statements.

**E**VEN the best of investigations harass business and may accomplish nothing more than provide sensations for the public and headlines for chairman and members. The Government adds the cost to the national deficit and business deducts its expenses from income taxes. Other taxpayers take a double loss.

Many investigations have corrected abuses, ousted incompetent or mercenary officials and produced laws and agencies for the public good. Among their additions to government machinery are: Civil Service Commission, Interstate Commerce Commission, Federal Trade Commission, Meat Inspection under the Bureau of Animal Husbandry, Federal Reserve System, Food and Drug Administration, Civil Aeronautics Board, Federal Communications Commission, and Tariff Commission.

However, more agencies brought more investigations and actions against business. An independent agency can investigate compliance with its own regulations and enforce penalties. For some the field is much broader. The Federal Trade Commission which its acting chairman describes as "the world's most powerful concentration of bureaucratic power over business," is a vigorous investigator of monopolies. Life would be less complicated for the business man if other investigators would step aside and give FTC a monopoly in that field.

In its role of investigator, prose-

cutor and judge, which means emphasis on prosecution, it can subpoena witnesses and papers. An appeal to the courts is possible, but judges are not inclined to overrule agency decisions.

A corporation may find itself being investigated by FTC and other agencies and congressional committees and being prosecuted by the Department of Justice—all at the same time and on different phases of the same subject, with conflicting orders on what must be done to comply with the law.

The mass voting strength of farm and labor organizations dampens enthusiasm for monopoly investigations of such groups. Chairman Celler emphatically ruled out a request of Rep. Earl C. Michener of Michigan to include unions in their committee's monopoly inquiry. The courts also ruled in a prosecution by Thurman Arnold that jurisdictional strikes are outside the antitrust laws.

Business does not know what it can do under the many laws and the Government adds to the uncertainty by creating monopolies and exempting others from the antimonopoly laws. The Webb-Pomerene Act permits price-fixing for the export trade. It has been a law for 30 years and the Department of Justice now proposes prosecuting business for violating the earlier laws when it does what is permitted by this later one. At the same time, the Commodity Credit Corporation, a government agency, ignores the laws against price-fixing.

**M**ORE confusion for business comes from conflicts between federal and state laws. Many states have "fair trade" laws which permit price-fixing. In Florida, milk prices are fixed for each step from barn to breakfast table. California provided a spectacular example when a merchant was dragged to jail and his stock confiscated because he sold wine six cents a gallon cheaper than the price others had agreed on.

Credit, capital markets and loans are a monopoly of the Federal Reserve Board; the Maritime Commission, as the biggest investor in ocean shipping, fixes rates; TVA and similar projects move into an area and private venture is forced out; the Post Office is a long-accepted monopoly, while in agriculture, the Government fixes prices which consumers must pay. Such monopolies are approved as being for the public good.

The Government encourages individual ingenuity by granting



patent and copyright monopolies. Transportation and municipal utilities are other necessary private monopolies. States have alcoholic beverage monopolies and every city, through its license power, gives a dealer a monopoly by specifying where he can or cannot locate. Nation-wide private telephone and telegraph monopolies operate under government supervision and no radio station, even a "ham" operator in his bedroom, can go on the air without FCC permission. Anyone who has tried to telephone in a city with two systems approves such monopolies.

At the same time, Congress has passed laws exempting certain business and commerce from the antimonopoly and antiprice-fixing laws. Exemptions include foreign trade, shipping, commercial aviation, common carriers, hog cholera serum, farmers' associations, farm cooperatives, fishing, marine insurance, brokers' associations, insurance and government agencies.

**T**HE business man must plan for the future. Business wants to cooperate with government. The growth of business and nation are inseparable. But the Government sets up an obstacle course and denounces the business man as a blockhead or public enemy if he stumbles. Congress changes the rules at every session, committee investigations raise new forebodings for the future, agencies interpret and issue orders, the Department of Justice finds new reasons to summon the business man into court.

Citizens who have a silent stake in the conflict are told that war on monopolies is for their welfare. The prospectus says that when a business becomes big and strong, competition is killed, prices are raised and the incentives for invention and science disappear.

But competition does not die. Opportunity still is alive in the land. A mass-production age has made competition more difficult. Any person with the know-how is free to assemble a watch, automobile, television set or batch of face cream. He can sell it but he cannot afford to offer it at the same price as the big producer.

Without assembly-line production, few persons could afford an automobile. The same applies to other industries. The fields are open for competition and in this big country it is on a big scale.

Consumers are less interested in more factories doing the same thing than in more production,

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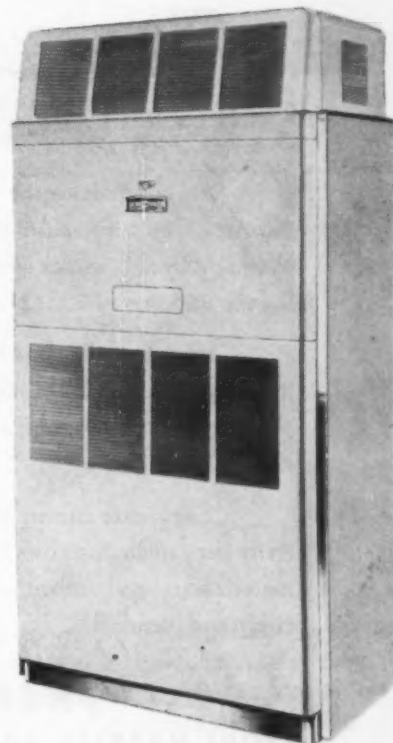
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


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better quality and lower prices. Prices are of more concern than whether a business is large or small. Ability to compete is the responsibility of business and the Government's responsibility is to give all business equal opportunity. But the consumer does not want the opportunity to be at his expense.

The consumer's responsibility is to his own pocketbook. His interest in monopoly investigations, legal prosecution and the attendant oratory is limited to whether they help his modest finances. The consumer is voiceless but not voteless and is awake to what affects him.

This Government, with the usual fanfare, is again prosecuting A & P and Du Pont, the offenses charged simmer down to the fact that they can undersell their competitors. The host of consumers, as so many business men have wondered in their own cases, ask why low prices are an evil and who will benefit by the prosecutions.

Officials also raise the bogey of monopoly to declare that unless business is harassed, hamstrung and handicapped, it will take over the Government. Those who enjoy the comforts and opportunities of the American way of life can be equally alert to see that Government does not take over all business, leading the nation step by step toward the socialist pattern where the state is the monopoly.

In the present world uncertainty, government hostility to business endangers the nation. Several months ago, Lowell B. Mason, acting chairman of FTC., called for an end to the confusion and conflict. He proposed:

1. Redefinition of the anti-monopoly laws.
2. Agreement by industries and FTC on fair trade practices.
3. A new attitude toward business by FTC and the Department of Justice.
4. Faster handling of regulatory cases and no harassment.

President Truman has authorized a Committee on Business and Government Relations with Charles Sawyer, Secretary of Commerce, as chairman. Other members are: Attorney General J. Howard McGrath, Lowell B. Mason and Leon H. Keyserling, acting chairman of the Council of Economic Advisors. A questionnaire has been sent out and the public is asked for suggestions.

The effort is belated but the cold war against business which the Government has intensified for ten years may be ending. It is time.



## Art Originals Come to Life

ONE individual in New York City, Alfred Wolkenberg, makes it his vocation to copy the priceless sculptures on display in the Metropolitan Museum of Art and the Museum of Modern Art. Museum authorities know about this, and, far from invoking the powers of the law, like him for it; his copies represent an effective means of furthering the cause of art and also mean an extra source of revenue.

"Why not make priceless art sculptures available to the average American in inexpensive, duplicate form?" was the question Alfred Wolkenberg posed some years ago. He had perfected an accurate, efficient casting procedure which made it possible to duplicate priceless sculptures without affecting the originals. With that idea, he approached Metropolitan Museum of Art officials in New York.

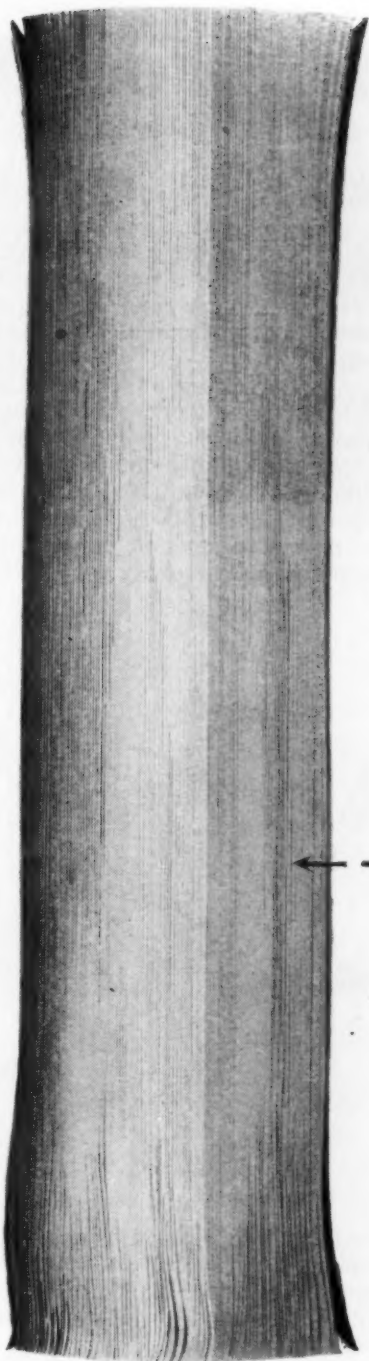
They took one long, hard look at his work and eagerly assented; today, you can buy 30 to 40 replicas of various art treasures at the museum, at prices anyone can afford. Admirers of "Aphrodite," the lovely Greek goddess of love and beauty, the fascinating Greek horses, the Egyptian figures, etc., can order a duplicate so faithful that the patina or the effects of age on the original are duplicated to the smallest detail.

Wolkenberg, a European artist, had noted, before he came here, how many American tourists carted home duplicates of famous statues. Arriving in the U.S.A., Wolkenberg presented his idea to museum authorities.

At this point, plastic surgery enters the picture. Mrs. Virginia Morris Pollak, a noted American sculptor, had been working during the war in Halloran Hospital, Staten Island, aiding plastic surgeons by making "life-casts" of wounded American soldiers. Recently, she joined Wolkenberg in forming Alva Studios.

He colors or dyes his reproductions by hand, polishes the stone to resemble basalt or marble, finishes some pieces to look like terra cotta or ancient bronzes, his specialty. In all cases, however, he retains the appearance and "feel," as well as color, of the original work.

—ALFRED ERIS



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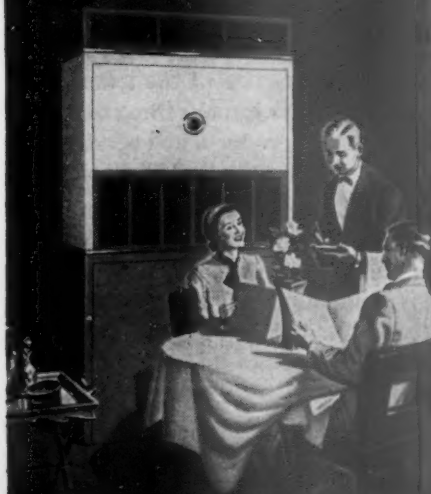
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## Merlin on Eighth Avenue

ONE OF THE more interesting inhabitants of New York's Eighth Avenue is Al Cohn, proprietor of a shop devoted to the sale of magic tricks. But, surprisingly enough, his big source of revenue comes not from the sale of tricks—but from teaching.

Three courses are offered, one in card magic, one in the manipulation of small objects—balls, coins, cigarettes, etc.—and one in mental magic. The individual course, of ten lessons, costs \$200—which is a lot of money to pay out, just to fool your personal friends.

torn up to show that the soiled handkerchief actually has disappeared.

A large rubber company has had some of its salesmen trained in the "sponge ball routine," in which little sponge rubber balls multiply and divide mysteriously, in somebody's hand. This dramatizes one of the company's leading products—sponge rubber.

A representative of an oil company does a demonstration of the superior qualities of his company's lubricants. In the course of it he apparently pours three full quarts of oil from a one quart container.

One large electrical manufacturer uses mysterious electric bulbs that light without being screwed into a socket; electrical people also use tricks based on magnetism. Chemical salesmen go in for stunts involving chemistry; optical people use tricks involving lenses.

However, the largest single class of men who attend the school are medical men. Surgeons frequently go in for magic, and especially sleight of hand, because the manual dexterity it requires appeals to them, and the precision of movement acquired with

either hand is of help in their professional work.

Dentists take to magic because they can use it to calm the fears of child patients. Many dentists have learned the trick of apparently biting a half dollar in two so they can say to nervous youngsters, "See, this is how strong *your* teeth will be when we're through."

Neurologists and psychologists take to the subject for two reasons—on their own account, because they find it relaxing after the worrying mental pressure of their work; while they recommend it to many patients as a way of learning self-confidence and poise before an audience.

Age is no bar to the enjoyment of magic. Students have ranged from a man of 82 to a girl of five years of age.

Cohn never tries to sell a trick directly. He demonstrates anything you ask to see. In short, he doesn't sell a gadget; he sells what it does.

—JOE ARMEL CROSS



Alumni of this school of magical knowledge include such people as William Paley, Milton Blow, Milton Berle, Linda Darnell, Orson Welles, Arthur Hornblow, Peter Arno and Alexis Thompson.

There are many other graduates, including doctors, lawyers and business executives. Many of these people like magic for its own sake. Others find it of primary value in their business.

For instance, the salesman who is known to be a clever magician frequently finds doors opening to him that formerly were closed. Some men work their product into their magic routine. There's the sales manager for a soap company who gives magic shows at conventions and other meetings. One of his most effective tricks is to show an empty soap carton, open at top and bottom; a soiled handkerchief is put in the top and apparently the same handkerchief, now sparkling clean, is drawn from the bottom. As a clincher, the box is



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Herpolzheimer's, Grand Rapids, Mich. Designed by Perry, Shaw and Hepburn, Architects, Boston, Mass., for Allied Stores Inc., George L. Ely, Store Designer.

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Kawneer Stock Metals are so well-designed that they have the rich and distinctive appearance of custom-made assemblies. Yet they re-

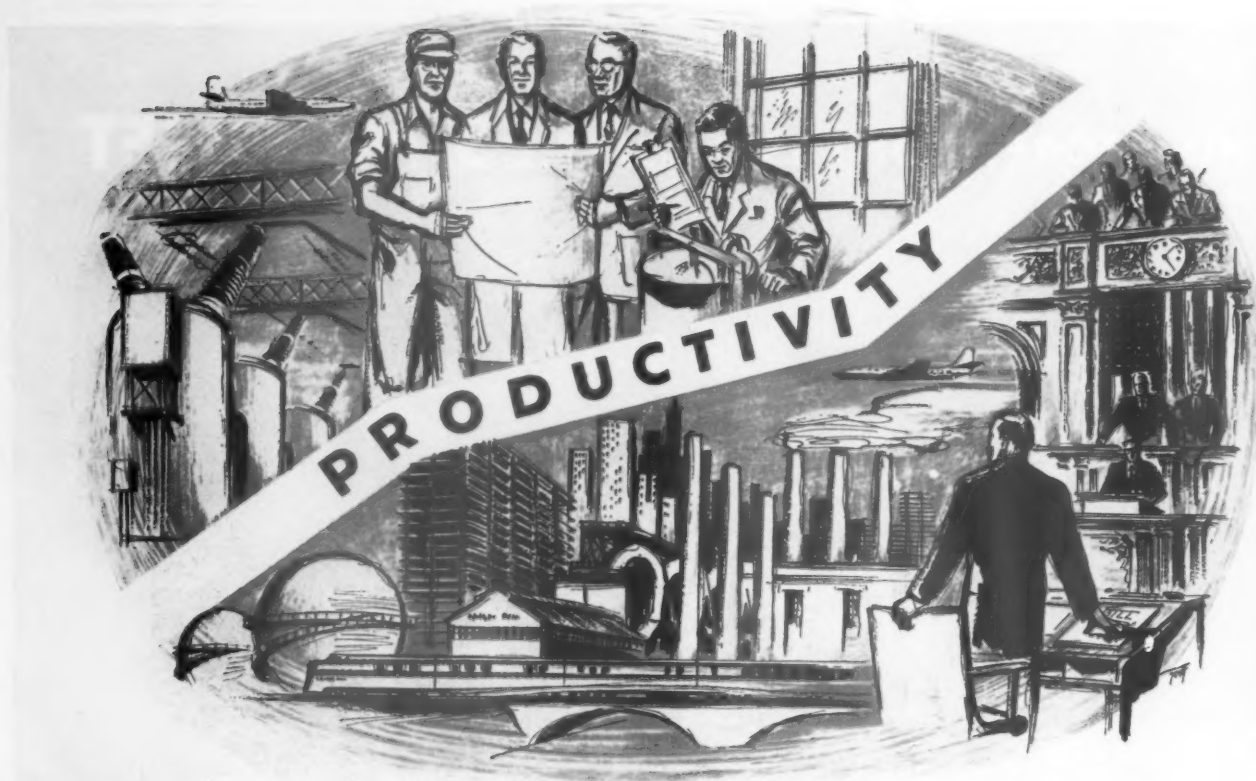
duce building costs, because they cost less—they eliminate factory delays—and they're erected by trained workmen.

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Modern Entrances • Aluminum Facing Materials



# The Key to Better Days

By DR. JULIUS HIRSCH

**M**ODERN AMERICA was built and thrives on the basis not only of a high standard of living, but of a *constantly improving existence, a constantly growing efficiency.* In this most vital problem of productivity, we are at a crossroad. Up to the '30's, the free development of markets determined who got the rewards of production. Efficiency rose and the gains in output per man-hour were distributed by the mechanics of the market among capital, labor and the consumer.

Whether we like it or not, outside forces are replacing the free play of the market. Government, taking \$3 out of every \$10 the nation produces, is a dominant power. For 16 years it has tried to determine production and prices in agriculture. Its taxation policy can either further or hamstring the possibilities of building higher efficiency. Its labor policy forces us into a new venture: how the gains made in productivity shall be divided among capital, labor and the consumer is no longer left to the markets.

**AN ECONOMIST advocates a new policy on production as necessary to insure greater future security for America and the rest of the world**

We have had many such attempts before. Nowhere has it been made as clear as in the report of President Truman's fact-finding board for the steel industry which tried to set this rule on the distribution of productivity gains:

"Wage rates in a particular industry *should not be tied directly to productivity*, but rather should be related to the general industrial rise in productivity," and "any excesses of productivity in any one industry over the general average should provide *primarily the means of reducing the prices of the products of that industry.*"

Once we set such rules, we shall be forced to adopt others concerning our cost policy; rules, for instance, for the number of weekly

labor hours—but let this be by teamwork, not by the isolated attempt of a powerful labor leader.

Thus it becomes clear that we are entering on a new road of policy on productivity. The questions then arise: Shall our productivity be maintained? Can and shall it be increased—and if so, how?

It is significant that both labor and management seem to have accepted the importance of increasing productivity as a national goal—in principle at least.

National productivity—the output measured by labor hours worked—increased both during and since the war. Output per man-hour in civilian industries rose by about three per cent a year during the period 1939-48, as compared to about two per cent in the period 1899-1939.

This increase has had an unexpectedly favorable effect on the economy. It was this rising productivity that stopped the inflation which had developed from 1941 to 1948.

The reason for its sudden stop-



ping in October, 1948—at the moment when President Truman was proclaiming that without the revival of OPA and rationing, “prices must go up and up and up,” rarely has been discussed.

After the war we created a new “inflationary gap” up to about \$25,000,000,000, or about ten per cent of our gross national product of \$250,000,000,000.

Before demobilization was ended, remobilization had begun, and shortly thereafter came the additional cost of the cold war. One year of the cold war cost more in dollars than a year of the “hot war” in 1917-18.

National defense, costing \$1,000,000,000 annually before the war, rose quickly to roughly \$15,000,000,000. Add to this \$5-\$6,000,000,000 for ECA, help for Greece and Turkey, the lost billions for China, the costs of the various “international banks,” including our Export-Import Bank, and it is clear that the total of \$25,000,000,000 is not an exaggeration.

This means that wages and profits were paid out which produced no usable goods or services. So prices were bid up, and even in years without budget deficits a new “inflationary gap” was created which raised the cost of living about 35 per cent, from the end of the war to September, 1948.

During the same period, however, the nation's output per man-hour grew every year by about three per cent on the average. After slightly more than three years, this increased productivity added a volume of almost ten per cent to national output.

The nation now is efficient enough to produce an additional \$25,000,000,000 worth without increasing the labor force—in 1949, even with fewer labor hours than were needed a year earlier. The huge cost of a constant cold war has been absorbed.

Rising productivity is the greatest anti-inflationary weapon. In a world beset with inflationary pressures, Americans must see that this is not hampered. If a national policy is to be formulated to increase production, the first question should be, not: How to distribute the gains in output; but rather: How to increase output in the most useful, efficient manner.

To make greater strides, perhaps even to exceed permanently the postwar rate of increasing productivity, a realistically drafted, concentrated effort of capital, management, labor and science working in unity is needed.

Greater productivity came about



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Compare it every way with any other adding machine. You're bound to see—you're bound to agree you'll be better off with Burroughs.

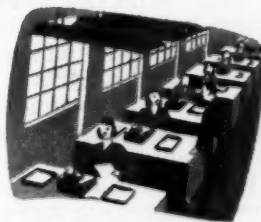


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in the past by conquering more virgin soil, by the use of new materials and increased skill and effort on the part of the worker.

No longer is it the settling of pioneers on the soil which brings the greatest progress in agriculture but, more and more, it is machinery and such things as synthetic fertilizers. This means: greater capital investment brings higher farm productivity.

**MUCH** more important is the free and ample flow of capital in manufacturing, mining and transportation. Here also, increased productivity comes largely from mechanization and applied chemistry. Both means are advanced by systematic, organized and often sharply concentrated research. This more than ever is based on the willingness of citizens to risk more and thus gain more from such investment as brings the greatest opportunities.

It is a fallacy to believe that we do not produce capital for a much greater economic development than we have. The past shows we can do that on a scale larger than any other nation.

This country built its production apparatus first with the aid of foreign capital. But while higher productivity required more capital investment, its growth created profits and savings which in turn increased our own capital resources. In 1914 we were indebted to foreign nations to the tune of \$4,000,000,000. Today, even after fighting two world wars, we have become creditors of the world for almost \$80,000,000,000. Productivity has proved to be its own capital producer—when not undermined by taxation and self-contradictory government planning.

In our manufacturing industries we invested, for new plant and equipment (at 1939 prices), \$1,000,000,000 in 1905, about \$2,700,000,000 in 1927 and only \$900,000,000 in the depression year 1933. In 1947 and 1948 we invested more than \$5,000,000,000 a year. For every worker employed, we invested in 1947-48 more than double the purchasing power we did in 1939. Every dollar spent in new equipment can be expected to yield higher productivity than its predecessor did when it was new.

However, too much of this investment, perhaps, came from the inflationary windfall profits of 1946-48. Self-financing by profits is expected to decrease and free venture capital has been made somewhat shy by the policy of anticapitalistic taxation. If higher

productivity is desired, greater risk capital is needed, along with research funds to develop more highly productive procedures.

Risk capital and the most risky of all—research capital—is, in the long run, the best paying investment for a nation. Such capital is needed, from the savings of the individual American as well as from the plowing back of money within business. Yet risk capital is deterred by unreasonable taxation. This money is being taxed instead of being available for research.

The best opportunities for quickly increasing productivity can be expected in the field of mechanical energy. The same kilowatt hours for which we needed 120 man-hours in 1920 now are produced with 32. For the time being, however, coal is still the greatest source of heat and power. Here, progress has been slower. Engineers are working to eliminate human labor from more and more coal-mining operations.

It may be that our oil resources are limited, yet there is no reason to worry. I still trust in what Albert Einstein told me in 1926:

"If only we can learn to use the trick nature employs in splitting the atom, we can produce from one cubic meter of marble more energy than all the coal mines on earth can yield in ten years."

**T**HE next great opportunity is the large-scale use of natural resources, and this may require a new approach.

Water, in superabundance in most parts of our country, has become a rather scarce commodity in the West. But in the Mississippi Valley and other large river valleys, it is still a dangerous enemy almost every year. As soon as we learn, through the cooperation of business, the state governments and private industries, how to husband the wealth of power and water now wasted, a new economic empire will grow out of prairies and deserts.

Older industries also are being revolutionized. Radio is threatened by television, the soap industry is being given a run by chemical detergents. As our grandfathers considered a stove a natural necessity, so we, in the not remote future, will demand air-conditioning, not only for the office, but in the home. There are plenty of similar areas in which productivity will be sure to develop almost automatically, if not hampered. These may, however, not be the most important ones for greater progress.

The greatest developments may

be needed in those areas in which productivity has been rather poor. Such areas include, besides the governmental offices and enterprises, the nonmechanized industries, especially retail, wholesale and other distribution, banking and finance and personal services.

It is true that the costs of distribution often are only needed payment for another division of labor. The more manufacturing is mechanized and concentrated in a few large units, the more people are needed for distribution throughout the nation. It is likewise true that while production and transportation will need fewer people, the trades need more and more. But when a congressman was reproached last year for voting for high farm price supports, he retorted:

"If the farmer would give everything away, city prices would be 85 per cent of what they are now."

**I**T IS agreed among leaders of retailing and wholesaling that the output per man-hour in this field must—and ultimately can—be increased by great common effort.

The greatest impediment to high productivity always has been the resistance of the obsolete against innovations. It is found in both management and labor circles. Some few reactionary labor groups claim that on the more efficient diesel locomotive, the same number of people must be employed as on the less efficient steam engine. Then there are the reactionary business groups which believe, as did their ancestors many years ago, that their vested capital or their antiquated methods of doing business must be protected against new forms of competition. Of course, the greatest antiprodutivity force of all is the resistance of inertia against the inconveniences of a new development.

In Europe, the survival of the less efficient enterprises often is enforced by workers who cannot leave their homes because they cannot find shelter. This, then, is the first condition for efficiency—"freedom to move." The more pension funds are set up in our enterprises, the more likely it is that similar developments in favor of obsolete firms may take place.

So it is plain that a new approach is needed: a real policy of productivity. We have seen dictators try to dictate higher productivity. Hitler did it by compulsory elimination of the inefficient firms. Stalin sets minimum quotas for every industry.

America has achieved more than



all the rest of the world by the free play of highest initiative and of competition in free markets.

After, however, a large part of our economy has become direct or indirect government work; after taxation has reached the point where it can mean life and death to the most hopeful productive developments, and after labor policy seeks to determine what the market did mechanically up to now, the first aim must be: To create a national good will for higher productivity—not merely by proclaiming it as a goal, but by actively propagating the means of accomplishing it, in government as well as private business.

A Council of Economic Advisers on National Productivity, in which business, labor, science and administration should collaborate on an equal footing, should promote a new national policy on productivity, perhaps along the following lines:

1. To convince everybody that *growing productivity is the only sure basis for any kind of real economic security.*

Recent years have brought to the farmer and to labor in this "country of opportunity" a growing trend toward guaranteed lifelong security. It must, however, be understood that real security only can come from growing production. The growing number of old people makes it imperative that production be boosted. Such productivity can make the pension and other security plans economically bearable and make them secure.

2. The council would have to bring about a strong, streamlined governmental policy, making increasing productivity a leading idea in legislation as well as in administration.

What has been called the "split personality in government policy on productivity" should be eliminated. No longer should the same department push forward output per acre and milking cow and laying hen—and then pay for its destruction.

A fresh approach also should be made toward investment of new capital and especially risk capital. Inducements rather than punitive taxation need be provided for new ventures, with full freedom from taxation being given to research funds.

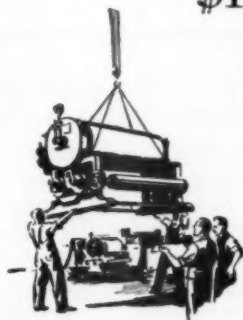
3. Show the nation that the most fundamental strides in efficiency have sprung from "the organization of invention." No longer is invention the product of a haphazard combination of luck

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and genius. It has been made a normal business occurrence.

4. Publicity also can push forward more efficient work by small and medium-sized business. Certain universities and trade associations have organized comparisons of "business ratios." These show where a business's costs are too high or performance too low. This "multiplication of experiences" is the backbone of the success of chain stores and other branch establishments. Let more small businesses learn how to become more efficient through comparison with competitors.

5. Give freedom to low-cost distribution: We will soon need a great expansion of domestic consumer markets. New methods of distribution should be advocated, minus burdensome taxes.

6. For labor, the necessity of a national policy of productivity brings not only new responsibilities, but also, if reasonably handled, opportunities to complete the American teamwork at a critical juncture which we are now approaching.

Labor's contribution to the improvement of our efficiency should

be enhanced by all kinds of productivity premiums. Its reward might be tied closely to growing output. Labor's greatest premium, however, will be the achievement of a successful transition when we will have to manage the inevitable change-over from an economy geared to the cold war.

Should this cold war suddenly subside, the decision would be upon us to decide how to employ our labor and facilities. Even before that, if production for the cold war should only stop increasing substantially, its economic burden, as we have shown, has been or rather soon would be absorbed by the rising output per hour. The nation must one day turn from defense work and gift export to greater work for expanding direct, ultimate consumption. To this end, the national policy of productivity, perhaps along the lines outlined here, should set the aims and prepare the business mentality well in advance.

If we succeed in drafting such a policy, rising efficiency will mean higher standards of living for ourselves and much higher ones for our children. It will give America insuperable strength and insure peace for the world's democracies.

## Baseball's Notions Counter

(Continued from page 54)

tric lines for boxing ring lights or for any show that requires lighting, such as dramatics or opera.

An amusing incident happened when an opera was scheduled there several years ago. The promoter, no baseball fan he, bought Section 1 tickets for all his friends. Then they found out that the seats, which have since been renumbered, were deep in right field. A riot broke out and it wasn't the quartet from Rigoletto.

Larry MacPhail, a sharp business man and now out of the organization, is responsible for the Yankees having their exclusive club, with the longest bar in New York. It was built to entertain boxholders purchasing season tickets to games. There were 450 boxes sold when MacPhail set up the unique club under the mezzanine. Currently, 700 boxes, which seat 3,000 customers, most of them from big firms, have been sold, and there is a huge waiting list.

"We don't really make money on our restaurant operation," declares Ed Fisher, Yankees promotion man, "but the fact that a

business man can entertain royally at the club, both for day and night games, helps sell those box seats."

The Giants' purchase of the Mayfair Inn in Sanford, Fla., was provoked by a spring training problem. Seems that the Giants found it expensive to house their two triple-A ball clubs in Sanford. When it was suggested that the inn might be bought reasonably, Carl Hubbell, farm system general manager, agreed. He persuaded skeptical owner Horace Stoneham to go along with the venture.

Maybe the buy will start a trend, because the venture's success has been phenomenal. If the reservations stampede continues, other clubs may enter the hotel business.

The sale of baseball players' contracts long has been one of the most profitable items on the sport's agenda. The St. Louis Browns played to only 270,000 paid home admissions last year, yet with a few deals after the season was over made nearly \$250,000.

It is in the care and sale of players' contracts that Branch Rickey of the Dodgers is the acknowledged



master. Rickey develops such an army of crack athletes in his system that he disposes of the surplus for a fortune. Rickey has corralled more than \$500,000 selling players' contracts to other clubs since the 1949 campaign.

With baseball broadening its outlets, how much of an effect will future business conditions have upon baseball's profitable subsidiaries? Two schools of thought prevail upon this subject, one exemplified by Bill Veeck, late of the Cleveland Indians, the other by Saigh of the Cardinals. Veeck says:

"Tell me what the economic future will be and I'll tell you about the future of novelties and other items. They will be the first to suffer. As to radio and television, they will create new fans all right. After a few months, interest often lags in television. I don't know just how far television can step into baseball."

But it is just about television that Saigh speaks provocatively. Radio and television stand, unquestionably, as the most profitable baseball subsidiaries to widen the baseball horizon since the first whimper of the hot dog.

"Just watch the way sales boom before the opening of the baseball season and, then, the World Series and you'll see what I mean about the hold of the game for the television audience," he observes.

**SPONSORS** undoubtedly think the game has a growing hold. More than \$1,500,000 was paid to the 16 major league clubs last year, with the Giants, Yankees and Dodgers collecting almost half of that gravy.

Television's financial allure to owners may be gleaned from the fact that in 1946 a billboard fence sign in Cleveland's Municipal Stadium sold for \$1,000—by last year, the sign, viewed on video, brought in \$7,500. Nevertheless, the tendency of baseball owners today is to sell radio, television and billboards in entire packages. The Giants received \$250,000 from a single sponsor for such a deal.

Since it costs anywhere from \$250,000 to \$400,000 and upward for the annual maintenance and operation of a major league baseball park and, since television's millions seem to gravitate naturally and increasingly toward baseball, Saigh emerges with the thought:

"It might be cheaper to operate without fans."

In that case, baseball's big subsidiary tail will have become the whole dog.

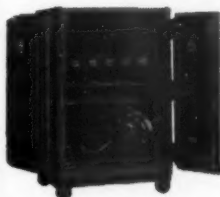
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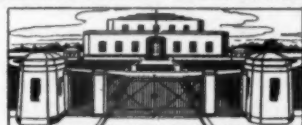
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## They Find Gold in Old Albums

(Continued from page 46)

groups also recorded for Harmony as The Arkansas Travelers, for Perfect as The Red Heads, for Victor as Red and Miff's Stompers, for Columbia as The Charleston Chasers, and for more obscure imprimaturs under other names.

For all its callowness, however, record collecting has been steadily developing a sense of both direction and value. Up until a decade or so ago, though, collectors spent their free moments haunting junk shops, music stores and Salvation Army centers in order to plow through stacks of dust-coated records in hopes of unearthing, say, a Bessie Smith on which her blues singing was accompanied by Louis Armstrong's soulful cornet. This tireless scavenging undoubtedly had its enticing points (notably, of course, a certain explorative excitement) but at the same time it was not without certain exasperating aspects. One of them, obviously, was the sheer waste of time expended in rummaging through stacks of records that turned out to be utterly worthless. Even more serious was the fact that there was absolutely no regimentation beyond the dilatory correspondence that went on among certain collectors.

**A**RUN on Duke Ellingtons in a certain city, for example, would deplete the area and thereby place that band's records at a prohibitive premium in that locale, although, at that moment, there happened to be a surfelt of Ellingtoniana in other sections of the country. Indeed, in those pristine years of collecting it was not unusual for a person to pay an absurd price for a record which he considered rare, but which was actually something of a drug on the market in some other part of the country. What record collectors needed most was a magazine which would serve as a stabilizing and centrifugal force.

Such a magazine finally came into being. Called *The Record Changer* and published at 125 La Salle Street in New York City, this monthly has come to assume something of the status of a country store for record collectors from all over the world. Here, in a manner of speaking, they gather around a cracker barrel and discuss one another's abundances and shortages. What's more, the publication also provides assistance to

noncollectors who might happen to be searching for particular recordings.

Each month it carries extensive, descriptive lists of records which are wanted, for sale, up for auction, or available in exchange for other records. As might be expected, there are some diverting items on these lists. Among the discs which can be bought, for ex-



**A**ERICAN dollars will buy just about anything—anywhere—any time—but it apparently took the Danes to make that often abused adage work overtime.

There is a small store in the shopping district of Copenhagen, the Danish capital, where only U. S. dollars are accepted currency. Its clientele naturally is international. Few Danes have dollars or could even afford the luxury of obtaining them at the foreign currency exchanges.

Despite this restriction, reports from the Danish capital are that the little establishment is doing better than just satisfactorily. Merchandise displayed on shelves is much the same as that to be found in similar stores in the United States: coffee, vegetables, fruit, honey, beverages and dry goods such as towels and face cloths.

ample, are the so-called Crosby blow-ups.

Like any singer, Bing Crosby sometimes fluffs a note or word while recording. On these occasions, he usually stops and begins all over again. In several celebrated instances, however, he kept right on singing, but instead of adhering to the lyrics as written, he studded them with expletives. As so frequently happens under such circumstances, these blow-ups got into the hands of commercial-minded collectors who promptly had them re-recorded—or, in the trade term, dubbed—and put on sale.

Aside from being guilty of what would seem to be an invasion of the singer's privacy, these collectors do not pay royalties to Crosby, the publishers of the songs which are used, or the company for which the recordings originally were made. In view of this, it's safe to assume that the collectors turn a neat profit. At any rate, one of them charges \$3 for an acetate record which contains two blow-ups. There are three records in all, but none of the six faces is as fascinating as you might expect. Some people feel that *The Record Changer* is making a mistake in accepting advertising for these tiresome piracies.

**A**SIDE from such dubious culpability, however, the magazine displays remarkable integrity toward its readers, even cautioning them against paying too much for certain records. As a matter of fact, only a handful of records in the world are worth more than \$100 apiece.

In the authoritative opinion of Bill Grauer, editor of *The Record Changer*, the most valuable items presumably in existence are four recording cylinders made in 1927 by Louis Armstrong, the most inspired hot musician of all time. These came into being when a music publisher decided to put out a folio containing some of Louis' most devastating cornet solos. In order to expedite matters, Armstrong recorded the solos on four cylinders, which were then to be transcribed to paper.

Somehow these cylinders got lost and up to now no reputable jazz critic has ever heard them. For all their uniqueness, however, Grauer estimates that they could not conceivably bring more than \$350 each—and that only from someone who would make a profit by selling dubbings of them.

Of all phonograph records made for commercial release, the most



precious is probably the Gennett (No. 5275) of "Zulu's Ball" and "Workingman's Blues," which were recorded by the late Joe (King) Oliver, in 1923. Oliver was Armstrong's inspiration. Only one copy is known to exist. Its owner, understandably, keeps it in a safe deposit vault.

As rare as this is, however, no one has ever made a legitimate offer of more than \$250 for it. Considering this, it is rather amusing to contemplate some of the prices asked by posh music shops. One store in New York has, for example, put a price of \$500 on a 1910 Victor record on which James Whitcomb Riley reads his own poem, "Out to Old Aunt Mary's." Jacob Schneider, who has three copies of it, confesses that he would consider himself fortunate if he could dispose of them for \$50 each. Similarly, this same store is asking \$50 for the Perfect record on which Babe Ruth and Lou Gehrig discuss the art of distance hitting. *The Record Changer*, however, has several advertisers who will gladly accept \$2.50 for a copy of it.

ANY newly discovered rarity—especially one featuring a big name—immediately arouses collectors' curiosity. If, however, the artist in question turns in an indifferent performance on that particular record, the news circulates quickly and, as a result, the record no longer commands a steep price.

A few years ago, for example, a Gene Goldkette recording of "In My Merry Oldsmobile" appeared on the market and, because of the presence of the illustrious Bix Beiderbecke in the Goldkette brass section, commanded \$25 a copy.

It was only a matter of time, though, before it became common knowledge that this record, which was made especially for distribution at a 1929 convention of Oldsmobile dealers, offered scant Bix. It can now be bought at 79 cents a dubbed copy.

It would be wrong, however, to assume that dealers in collectors' items do not have as many problems as the collectors themselves. For one thing, they are badgered incessantly by the widely held view that all records by such favorites of other years as Ruth Etting, Enrico Caruso, Marion Harris, Henry Burr and George M. Cohan are worth a fortune.

A Manhattan shop which specializes in rare classical records receives hundreds of letters a month from people who announce ecstatically that they have just discovered a stack of old Carusos in the

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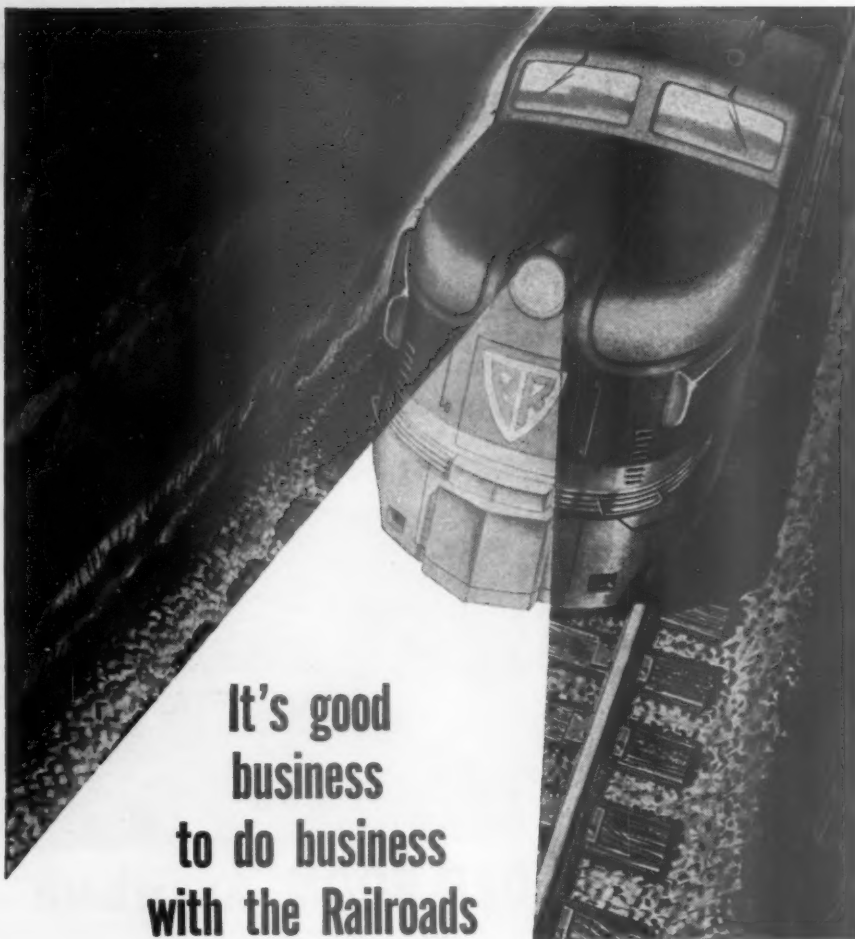
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attic. This shop patiently informs these correspondents that there are very few Caruso records worth more than 50 cents each. Surprisingly enough, classical records generally bring lower premiums than rare jazz stuff. The almost unprocurable Victor set of "Götterdämmerung" (DM 60), for instance, probably will not bring an offer of more than \$75.

**AT THIS** point it should scarcely be necessary to add that the act of collecting entails a certain dedicated enthusiasm which frequently borders on the lunatic. Although Jake Schneider, for example, owns what is probably the world's finest collection of hot jazz records, he prefers infinitely to listen to the sweetish likes of Wayne King and Guy Lombardo.

Then, as a further example of fanaticism among collectors, there is the man in the midwest who cherishes his records so passionately that he cannot hear enough of them. This man, who, incredibly, happens to be an attendant in, rather than an inmate of, an insane asylum, had a special chair built with an amplifier on each arm. Every evening after dinner he plumps into his chair, turns on both speakers.

All in all, though, he seems downright normal when compared with a Pennsylvania man whose hobby happens to be the collecting of certain numerical sequences. In the course of pursuing this taste, he began buying phonograph records whose serial numbers fell into his desired sequences. In doing so, he has inadvertently assembled a superb library of classical records. He has not yet, however, taken the trouble to listen to a single one of them.



"I'd like to open a joint account with some one who has money"



## Why Your Doctor Plays It Safe

(Continued from page 50)

point where they can resist the drug when you have an acute infection.

A good doctor carefully weighs your need for the drug against its hazards, remembering, as experiments with cortisone are now demonstrating, that nature has equipped the body with a system of interlocking and compensating mechanisms for normal function and defense against disease. He knows that when you tinker with one part of this system, without good reason, there is a chance another part will go out of balance.

A second important point, you will note, is the time Dr. Brown spent in trying to help the salesman.

Most of the so-called miracles are produced by this kind of hard work, combined with devotion to duty and good sense.

THIS was illustrated a few years ago following much hullabaloo about the marvelous results in the relief of spastic paralysis (cerebral palsy) obtained with massive doses of a drug called Prostigmin, which relaxes muscles, among other things.

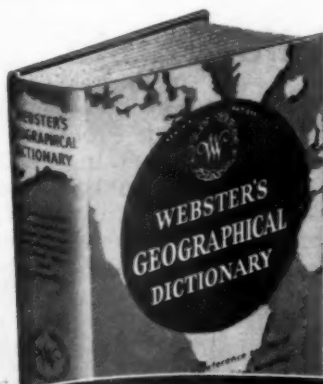
The young doctor who developed the treatment combined the drug with an intense personal interest in his patients and an equally intensive course of physical therapy. Paralyzed patients were taught to work their muscles again, almost literally inch by inch.

The great claims made for the drug, and the publicity, disturbed certain medical authorities. The physician was on the verge of being discredited in medical circles. Actually, he was a good doctor and was doing good work, as usual the hard way.

The conclusion of observers was that the drug might be of some initial benefit but the physical therapy definitely was doing a great deal of lasting good.

So another medical marvel went through its stir-up and shake-down cycle, proving once again that at their best, doctors and drugs still act mainly as nature's helpers.

Doctors have no tolerance for medical sword-swallowing and make-believe when their patients' health and happiness are the stake. Nor should we.



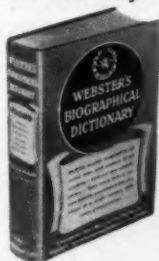
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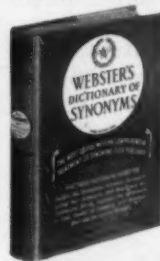
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## 150 Years of the Welfare State

(Continued from page 34)

Device No. 2 is the statute conferring special privileges on a particular group to strengthen it in rivalry with other groups (the Wagner Act protecting labor's privilege of organizing is the best example). Device No. 3 is the administrative agency which supervises the conduct of business. And device No. 4 is the general law, like the Social Security Act or the Minimum Wage Law, designed to guard the personal welfare of those who rely on their muscle or their wits and not on property to provide them with an income.

The welfare state activities are different from other undertakings by which the federal Government interferes with the natural workings of economics. By administering the protective tariff, Washington has affected profoundly the nature of the United States. But the country originally regarded protection as a means for promoting the "general" welfare—that is, the welfare of all—in one single stroke. It was meant to benefit farmers, factory owners, and farm and factory labor. The early Sen. Robert LaFollette of Wisconsin, one of the architects of the modern welfare state, strongly defended protection in Congress as a device of universal beneficence, although years afterward he denounced it as an undesirable source of more wealth for the wealthy. Federal subsidies for road building fall into the "general" welfare category of the tariff, as does the mail subsidy on periodicals.

Until Theodore Roosevelt's day, farmers in the west almost alone stoked the welfare fires. They heated Andrew Jackson and Abraham Lincoln, who let himself be diverted from the Civil War long enough to push successfully for enactment of the Homestead Law and the Morrill Act. The Homestead Law went further than Harrison's law. It donated the public land to settlers. Under the Morrill Act, the federal Government gave away more land, for the establishment of colleges of agriculture.

But the city-dwelling abolitionists were responsible for Lincoln's most sweeping contribution to equality—the Emancipation Proclamation which freed from slavery

the 3,500,000 Negroes in the Confederate States. The Proclamation and northern victory in the Civil War led to adoption three years after Lincoln's assassination of the Fourteenth and Fifteenth Amendments through which northern "radicals" tried to confirm the rights of Negroes to political and judicial equality with white Americans.

Congress was trying to satisfy indignant farmers when it established the Interstate Commerce Commission—the first of the federal administrative agencies. William Jennings Bryan drew his inspiration from the unrest of farmers when he ran for the presidency in the closing days of the nine-



"M-m-m, smells good. What's thawing?"

teenth century on a cheap money platform. By that time the free land opportunities in the west were narrowing. Washington had sold or given away a great portion of the public land. Then the insecure began to count on the federal Government instead of new green pastures for their personal security. The "pluck-and-luck," "root-hog-or-die" notions prevalent at the high tide of rugged individualism in the 1880's began to pale.

In the midst of the discontent flowing from Americans unable to seek their fortunes along some new Oregon trail, Theodore Roosevelt introduced the United States to the first twentieth century model of the welfare state. Soon after he took the presidential oath Sept. 14, 1901, he began to hear a clamor for Washington to curb the great bankers and the managers of the largest corporations. A strange phenomenon was taking place. Business men had attained so much power that many people, uncertain of their own economic

footing, had begun to fear them.

In that frame of mind, Americans discussed seriously whether any man who possessed \$1,000,000,000 was not a menace to the nation. The muckrakers exposed the sins of big business in detail. In the farm states of the far midwest, reformers like Governor LaFollette of Wisconsin were trimming the power of the railroads—which always looked like the devil on wheels to the farmers who put LaFollette into office—and were using the federal Government to protect the farmer and the consumer from whims of other mighty free enterprise.

Business men readily acknowledged their own power. During the New York State investigation of insurance companies in 1906, E. R. Harriman, president of the New York Central, Illinois Central and Union Pacific railroads, was asked by Charles Evans Hughes:

"It has been charged that through your relations with Mr. Odell (Benjamin B. Odell, governor of New York, 1903-05), you have political influence. What have you to say to that?"

"Well, I should think that Mr. Odell had political influence because of his relations with me," Harriman replied.

In such an atmosphere, the Republican Roosevelt came to envision Washington as the protector of the weak and the chastiser of the unruly strong, whom he

called "malefactors of great wealth." So he successfully urged Congress to establish a Bureau of Corporations, which would keep tabs on the expansions of business concerns. He curbed the power of the railroads by persuading Congress to authorize the Interstate Commerce Commission to set rates. He protected the consumer with a Pure Food Law and a Meat Inspection Law, which diluted the freedom of the packers.

While Roosevelt sponsored few other such measures, his administration showed that it is difficult for a President to ignore demands for equalitarian legislation when numerically strong groups want it. The colleagues of Joseph G. Cannon, Speaker of the House in Roosevelt's administration, deprived him of his great powers because he refused to heed the requests of the discontented for federal favors. America's institutions for self-government cannot neglect the cry for equality when it is loud. The modern welfare state



is the creation of twentieth century political pressures.

The momentum generated under Roosevelt lasted until the United States entered the war against Germany in 1917. The issue of the welfare state created such a ruckus among the Republicans that they split in the presidential election of 1912, and the Democrat Woodrow Wilson won the highest office. The modern era actually begins with his administration.

Wilson became President almost simultaneously with the adoption of the income tax amendment to the Constitution and the levy has been the major tool in the construction of the welfare state as we know it today.

Like Andrew Jackson, Wilson was preoccupied with abuses in the conduct of business and with the claims of farmers to special help from the whole nation. The new President's contributions to the furtherance of the welfare state idea had a novel origin, because he depended on an intellectual, Louis D. Brandeis, for guidance in putting the idea to work. Brandeis was the first brain truster.

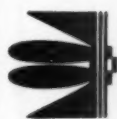
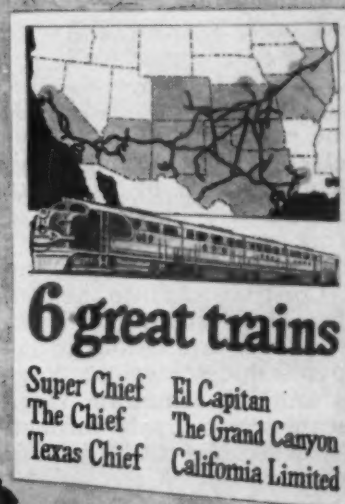
Wilson first attended to business. At his request, Congress passed the Clayton Act, which gave the President new powers to break up combinations in restraint of trade, and created the Federal Trade Commission, an administrative agency, as a sort of prefect of discipline over business.

Wilson began to dispense the government largess among farmers after Congress passed the income tax law (embedded in the Underwood-Simmons Tariff) in 1913. The subsidies flowed out of the Treasury down the chutes provided in the Smith-Lever Act, which financed agrarian mortgages.

The steam behind the equalitarian movement weakens periodically, when the nation is distracted by larger issues or when government action has corrected the examples of economic imbalance that are striking enough to create a political power drive on Washington. Interest in the welfare state was shot away by World War I and did not revive from the end of Wilson's presidency until 12 years afterward, when Franklin D. Roosevelt brought his New Deal to Washington.

The Democratic Roosevelt gave four original twists to the welfare state. He introduced the idea of national planning as he tried to fit together a series of schemes for helping the various groups laid low by the depression. But the national

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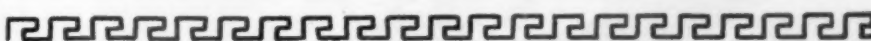
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economy refused to fit neatly into a plan, which seldom works satisfactorily even in socialist countries, where the government itself can make all the decisions about economics. Roosevelt quietly gave up planning and followed his predecessors' custom of helping different groups independently of one another.

His other novelties survived longer. He was the first welfare state President, for example, who cemented a close political alliance between the White House and organized labor.

Presidents in the past had responded to union pressures by introducing the eight-hour law in federal offices, cutting immigration, and, in the case of Wilson, partially exempting labor from the antitrust laws. Wilson had tried to outlaw child labor, but the courts said his legislation was unconstitutional.

On the eve of Franklin Roosevelt's election, two Republicans, Sen. George Norris of Nebraska and Rep. Fiorello La Guardia of New York strengthened labor's bargaining position by pushing through Congress and into the U. S. Code their act forbidding the issuance of court injunctions in labor disputes. But Roosevelt's Wagner Act and the Minimum Wage Law became the portals through which labor entered into the inner sanctum of the welfare state.

Another original contribution by Roosevelt was his method of financing the cost of welfare state

undertakings. His budgets provided for spending more than the Treasury took in, as he assumed on behalf of the federal Government the novel responsibility of giving work to the unemployed. That was the fourth twist he gave to the welfare state. The sum of his activities dramatized statism as a national way of life.

The result of that dramatization still colors America. Today the political roots of the welfare state seem to lie deeper than ever.

New Deal philosophy faded during World War II, although the Government controlled severely many aspects of Americans' private and business lives. When the war ended, Harry Truman, the new President, showed only casual interest in equalitarianism. To suggestions that he build a new wing of the welfare state on the foundations of wartime price control he paid little heed, and price control ended. He said he would break up a threatened railway strike by drafting the strikers into the Army. By 1948 he had balanced the budget. But he soon decided that politically, he was pleasing the wrong people.

Moreover, his ancestors and he alike have felt at close range the growth of the idea from its first simple applications into that complex institution, the contemporary executive branch of the federal Government, costing \$42,000,000,000 a year to operate, over which the President presides.

His two great grandmothers,

Nancy Tyler and Emily Shippe, went over the mountains from Virginia to Kentucky. That migration carried the seeds of the welfare state. From Kentucky the families pushed on to Missouri where the President's grandfather, Solomon Young, made money by outfitting movers setting out toward a promised land at the end of the Oregon or Santa Fe trail. The movers were trying to provide for their own welfare but, by the end of the nineteenth century, opportunities to move were narrowing.

So, responding to his own tradition and to political reality Truman, in 1948, turned back to the welfare state. He campaigned with the philosophy of Jackson, Theodore Roosevelt, Wilson and Franklin Roosevelt when he ran for the presidency that year.

"We cannot maintain prosperity unless we have a fair distribution of opportunity," he said.

His instinct was correct. He won the election.

Yet welfare state opponents have not become politically helpless. While Presidents consult the equalitarians, congressmen have a way of consulting the constitutionalists. It is not every day that Congress plays the welfare tune as it did last summer in passing the Low-Cost Housing Act and the new Minimum Wage Law at the behest of Harry Truman. More often Congress is in the mood it shows when it refuses to enact a federal health insurance act.

To the gulf between President and Congress that characterizes American political life in almost every year of the republic's history, business probably owes its survival in relative independence.

Although the equalitarians' advance means that the opponents of government interference in the economic and social life of the country have been slowly retreating from the high ground on which the authors of the Constitution set them, they can take heart from the history of 150 years. The private enterprising American began to show his ingenuity in pioneer days by erecting a solid civilization in a wilderness. He has shown the same ingenuity in more difficult circumstances by adapting himself and pretty well overcoming the hazards thrown in his way by government under the guidance of the equalitarians.

The period of swiftest advance of the welfare idea—from Franklin D. Roosevelt's first inauguration—also has been the period of greatest expansion of the productive economy, under the manage-





ment of private enterprise. While controls have lengthened, profits have mounted. Business has shown that it can rise to the challenge of the welfare state movement and assure its own survival by its ability to operate in the shadow of this threat to business incentives.

The pattern of American economic activity is immensely different from what it was when Theodore Roosevelt launched his Square Deal. It has changed strikingly also since Wilson initiated the New Freedom, since Franklin Roosevelt unrolled his New Deal, and even since Truman developed his Fair Deal. But the foundation of economic life remains private enterprise, even if it is not completely free enterprise. The welfare state polices business but seldom manages it.

But to survive in freedom, business has grown large, to satisfy an equalitarian urge of its own. In business business has sought strength to save itself from domination by big government. As business grows, however, the sponsors of welfare statism see new reasons for government to grow. And each advance in power achieved by the Government makes more acute the question whether by empowering the state to save us, we are putting the state in a position ultimately to swallow us.

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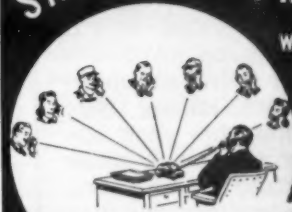
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## Pop

(Continued from page 40)

talked. "He's got it," thought Pop. He saw the girl, sure of victory, suddenly caress the boy in an awkward, tentative sort of way, but with a light in her eyes that held enough affection and admiration for all of Peyton that day. And Pop laughed, almost out loud, for with her funny little gesture she was just like that other girl in white who had thought Pop was so wonderful so long ago—and still seemed to think so after 40 years of it.

Pop kept smiling, as the auctioneer held up his hand.

"FIFTY-FIVE." The new bid came with a snap like a rifle. Pop looked around, with all the rest. There was a good deal of chatter. Evidently the bidder was a stranger. He looked like a roadside dealer, the kind that puts an old velocipede in front of the door, to show that there are antiques for sale inside.

Turning back again Pop could see the girl go sort of limp. He could see Jim Turner, mouth open, his young eyes staring. Yes, it was suddenly beyond the boy's depth, and just as well. Keep money out of romance. Makes trouble.

But how about this? Now it was a man's game, anybody's clock, in fair fight—an opening. And he was sitting there silent, letting this slick operator take the clock away from the kids? No, sir. Pop disliked dealers, but the way he felt about this last-minute interloper was something special and hot. As his anger rose, he thought the girl was looking at him, with that funny familiar blue-eyed directness, looking at him over the years, asking. By jingo, he'd take care of her!

Pop dove in. "Sixty," he said, quickly.

"Sixty-five," said the strange voice, very quietly. The cuss sounded confident.

"Seventy," said Pop.

"Seventy-five," said the stranger.

The auctioneer went ahead, pleading, sharing in the growing excitement.

Finally he raised his gavel. "Going?" He waited, in the tense quiet under the sunshine.

"Eighty dollars!" said Pop loudly, turning around and looking

square at the stranger. "Eighty dollars, I said." Pop was talking to the stranger, fire in his eye. He thought he heard somebody laugh. Then somebody behind him said, "Too much." Well, the fat was in the fire.

The auctioneer waited long, talking, talking, urging. Would he never end? At last, "Going—going—GONE—to the gentleman with the white hair!"

A sigh of relief went through the crowd, then an uproar of agitated exclamation. The sale was over. The clock had been the climax. The neighbors began to drift away, carrying their purchases over the lawn.

"Come on, Pop, hand over the money." It was the auctioneer again, and, confound him, that new name "Pop" again. "Hurry up, Pop!"

"Oh, hell," said Pop suddenly, as he fumbled in his pocket. The auctioneer waited. Yes, the wallet was still there, mixed up with his glasses case. Then Pop said, "Oh—hell," again, very slowly. He had just seen the surprise and anger in

it was a good clock, even if he had got mad and perhaps paid too much for it, even though it had not chimed the hour when it should have done so.

Suddenly Pop wanted the clock, wanted it very much, the old fever for antiques, and—he had it. He stood smiling his satisfaction. But what to do with it? He hadn't thought of that. If he strapped it to the roof of his car, every cop would stop him, perhaps lock him up. And just where he could stand it up at home, this tall sentinel, that was a question. Well, anyhow, he'd manage.

THE first thing now was to talk to the boy and girl, who should not have aspired to such a purchase. He'd tell 'em so, kindly. Better if they put their money into pots and pans, start simply, like everybody else.

And of course he must do something very good for this boy who had helped him so nicely on the road and now was so disappointed, get him a good job maybe, good for him and the girl—ah—the girl.

Pop felt vaguely uncomfortable.

He turned to go to them, then stopped. The girl was looking angrily at the boy, saying something in a sort of torrent, tossing her head at Pop. Good heavens, were they quarreling? The boy was just looking straight ahead into space, as though something queer had hit him, hit him hard.

Pop stood blinking. Did they want the old thing so much? And she pounding the young man because he had failed, in this first test of competence? And now he, Richard Talmage, taking the heirloom from them, from the boy who had befriended him in his trouble, from the girl, who had made the funny little gesture just like—oh, dear!

Pop glanced at the clock again. It did look a little mangy. A thought was forming in his mind. Give it up? But should he? Must he do that? Pop was on pension. Eighty dollars was a lot, to go for nothing—or, was it nothing? Oh—perhaps fifty—there was the boy's fifty.

Pop was thinking fast. In business he had been known for his ability to decide quickly.

He turned back, took out his fountain pen and a piece of paper and, holding the paper on the auctioneer's table, began to write,



the face of the good Samaritan, and the questioning look in the girl's eyes. "Oh—oh, dear," he murmured. He would fix that up—right away.

POP handed over the money and approached first the old tall clock, as he noticed the boy and girl watching closely, standing off a little now. He fingered the full moon and was sure it didn't work. He stroked the old grandfather, still tick-tocking as though nothing had happened, and still dusty. Yes,



rapidly and firmly. When he was through, he went to the boy and thrust the piece of paper toward him. The boy recoiled as though the paper were poison.

"Read it," commanded Pop, standing firm.

With the girl peeking from behind, the boy read slowly this strange document:

"I, Richard Talmage, retired, do hereby sell and convey, for \$50 and other good and valuable consideration, the clock purchased by me at auction here this day, to Jim and Flo Turner to have and to hold together for better for worse.

RICHARD TALMAGE.

Done at Peyton,  
Connecticut, this  
20th day of May  
in the year of  
our Lord 1949."

"But what do I pay?" asked the boy suspiciously, the anger coming back into his eyes. "How much more than it says? I know about 'other and valuable consideration' and all that bunk in a bill of sale."

"What the deed says," said Pop, "\$50, just what you planned."

The girl saw it first. She made a little rush, took Pop's arm in both of her hands. "Oh, Pop," she said, "oh, Pop," the tears coming into her eyes. She patted Pop's shoulder, very lightly, then drew away quickly and rushed back to the boy.

"Fifty dollars," repeated Pop, trembling a little from the impact. "Hand it over, Jim."

"Gee, I don't get this," said Jim. "Gee, Pop." He fumbled in his pocket and very doubtfully produced the money.

"Give it to me." Pop reached out, took the money and put it in his pocket.

"But—but why?" The young man's jaw had dropped again.

"None of your damned business," said Pop. "Now take me to the garage."

"I'm coming, too!" said Flo. Pop looked at the old clock as they drove off. "So long, old man," he said with a wave of good-by. But he was smiling.

AT THE garage they had fixed the car. Over in the corner the young man was talking to the boss. Pop, waiting at the door with Flo, who seemed to know about the place, overheard something about "hose pipe, towing, lot o' labor," then "30," and the young man was saying "five" and something about "making it up myself," then, from the boss, "Do what we can."

Pop could not get it. What were

they "making up?" Could they really be going to soak him? He felt vaguely anxious. Fiddling around with strangers—you never know. The only heartening thing was the light in Flo's eyes as she responded absently to his cracks about the weather. When the word "five" had come, she had almost seemed about to laugh with happiness.

The boy came forward. Pop could not read the look that passed between him and the girl, but she seemed to be very happy, and the boy's chin was up and his shoulders back.

"What's the bill?" asked Pop.

"Five," said the boy.

"But—" Pop stood, puzzled. "Don't you think—all that time and trouble—and the insides might have blown up in my face—and all that?"

"Five dollars," said the boy, and the girl laughing now.

Pop handed over \$5, got in the car and started the engine.

"G'by, Pop!"

"G'by, Pop!"

THE boy and girl had come up close. Yes, they were saying good-by. The boy suddenly reached in his hand and gave Pop a grip that nearly broke his old bones. "Thank you, sir," he said, "I'll never forget."

The girl reached in and gave him a quick, warm clasp, seeming unable to speak.

Then they both stood waiting, with a wondering affection in their faces as though Pop were a miracle. And suddenly Pop knew there was some generous little shenanigan about that bill for five dollars. He sat looking at them. Those two young things standing there, would they ever be happier than they were at this moment? Pop began to smile.

Then he asked them a very personal question. "When is the wedding?"

"In June, three weeks from today!" they answered almost together.

"Will you invite me—to your wedding?"

"Yes!"

"Yes!"

"I'm coming!" said Pop, grinning now. He waved his hand and drove off in the sunshine, happier and happier as the miles went by. "Good bargain," he kept thinking, "everybody wins—and I'm not nuts about antiques, and—I'm damn glad I don't know about the insides of a car." Pop stepped on it, going a little fast for a retired business man.

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## ASCAP Makes the Piper Pay

(Continued from page 37)

greatly aided the serious composer: in recent years it has licensed 150 symphony orchestras, and only a few months ago several concert management firms agreed to take out licenses, so that composers could collect royalties from the playing of their works.

Not all members, however, on the other hand, are happy over their own share in the society's income nor over that of some of their fellows. Under the by-laws any writer with one "regularly published" composition to his credit—which means that he cannot have paid to have it printed—is eligible to join ASCAP either on a participating or nonparticipating basis. The admissions committee takes into account his potential earnings.

ONCE admitted, members are classified for purposes of royalty distribution, and are reclassified from time to time, primarily on the basis of the performances of their compositions, but also with consideration for the length of time the member's catalogue has been available to ASCAP, and for works whose merit is not reflected in the number of performances. An elaborate program analysis department in the busy ASCAP offices at Rockefeller Center in New York helps to gauge the number of performances of members' compositions. The radio networks' performance reports, and spot-checks of independent stations are tabulated.

Some of the younger members feel they are not advanced fast enough. So arguments are brisk and bitter before the classification committees, which are two in number. One consists of the author and composer members of the board of directors, the other of the music publisher members. Members may, however, appeal their classifications to an impartial panel outside the society. There are a dozen or so classifications, ranging from the top one, which includes Rodgers, Hammerstein, Berlin, Cole Porter, the late George Gershwin and Jerome Kern and a few others of equal eminence.

The most disgruntled members cannot question what has been done for those who write words and music. Before its organization, an individual composer or lyricist had little chance of collecting the \$250 damages to which, under the

copyright law, he was entitled theoretically for unauthorized performances of his work. Most of the time he was not even aware that it had been played. Along about 1910 night life was booming in New York City. Proprietors of cabarets and restaurants learned that music was essential to their profits, so they hired orchestras and singers, and the popular tunes of the day were played.

One night in January, 1914, Victor Herbert dropped into Shanley's Restaurant on the Great White Way. Herbert was a Dublin man and full of fight. He was then 55, at the height of his popularity as a composer of light opera. His wrath exploded when he heard the orchestra play the title song from his "Sweethearts" which was at that time a hit show. When he protested to the proprietor, he was told that no performance fee was required at a restaurant because it did not charge admission. The music, insisted the proprietor, had



"Dear Aunt Grace: Thanks for the \$5 for my birthday—it was some of exactly what I needed"

no relation to profits. Herbert decided to do something about it.

What he did was to form ASCAP, with such other luminaries of the day as Raymond Hubbell, who composed "Poor Butterfly," John Philip Sousa, Gene Buck of the Ziegfeld Follies, R. H. Burnside of the old Hippodrome and Gustav Kerker, who had written "The Belle of New York." A co-founder was Nathan Burkan, the brilliant copyright lawyer who was to guide ASCAP through its first perilous years of litigation. The society's first great test case was over the hotel and restaurant owners' contention that musical entertainment on their premises was not for profit and therefore not sub-

ject to the copyright law. The lower courts ruled against ASCAP, but in 1917, in a unanimous decision, the Supreme Court upheld its interpretation of the act.

The rights of the composers were "very imperfectly protected," declared Associate Justice Oliver Wendell Holmes, in the Court's opinion, "if infringed only by a performance 'where money is taken in at the door.' The statute need not be interpreted so narrowly, he asserted. The restaurant owners were not in business for charity. The cost of music was part of the whole cost of running their establishments.

The Holmes' decision was ASCAP's Magna Charta. Writers now were eager to assign their rights to the society and accept its division of the royalties. It was not until 1921, however, that it began operating at a profit. Then it was confronted with a new crisis, in the form of the crystal set. For a time the association granted free licenses, or licenses at nominal cost, to the infant radio stations. Then the industry discovered that it offered an advertising medium of astonishing potentialities. At this point ASCAP announced that its members wanted a just share of the advertising dollars.

The heads of radio were scandalized, as the restaurateurs had been in 1914. Their stations did not offer musical performances, they argued, and surely were not called on to pay royalties. All they did, they said, was to disseminate electrical energy. Besides, radio pointed out, it popularized song hits. The Supreme Court again came to the rescue. Broadcasting, it ruled, was performing for financial gain.

AS radio profits soared, peace of a kind was achieved. The stations professed their willingness to pay for music, although they hedged on what the rates should be. Meanwhile writers were learning that radio was no unmixed blessing. A charming and popular figure of American life had been doomed. She was the girl who played the piano. She was the girl who bought the latest sheet music.

The movies had been bad enough. But the girl hadn't a chance of competing with radio. She stopped buying sheet music. Soon her disappearance was being felt in Tin Pan Alley. Before the radio stations started to "disseminate electrical energy," a popular number sold 2,000,000 copies or more. Such smash hits as "Til We Meet Again" and the "Merry



Widow Waltz" went as high as 6,000,000. Today sales of 500,000 copies of a song are regarded as big. The answer, said ASCAP as 1940 and contract renewal negotiations approached, was higher royalties from radio.

Under its 1935 contract, the society collected five per cent of the commercial income from individual stations. Its new proposal, made in 1940, asked for 7½ per cent from the networks with lower fees for the local programs of member stations or independents. Radio decided to fight, through its National Association of Broadcasters.

ASCAP yanked its music off the air at the expiration of the contract in December, 1940. Those were the months when about all that was heard over the radio were such pleasant chestnuts in the public domain as "Jeannie with the Light Brown Hair." The broadcasting companies organized a rival musical tong—essentially a publishing firm—which they called Broadcast Music, Inc. BMI, as it came to be known, bought out some established publishers.

Meanwhile the society found itself under pressure in a number of states, where laws were passed designed to put it out of business on the ground that it was a monopoly. At about the same time the Department of Justice threatened to revive a dormant antitrust suit. After a struggle of ten months, the society came to terms with radio along lines indicated in a government consent decree.

The relationship with the networks is, in the main, amicable today. Under a new contract with terms similar to those of 1941, ASCAP collects 2¾ per cent of the time sales, less agency commissions, from the chains and 2¼ per cent from individual stations. In 1947—the latest year for which a breakdown is available—collections from radio came to more than \$6,700,000. Compared with radio's total take, this share of ASCAP's seems not unreasonable. It is not uncommon for one of the networks to put on a musical program costing several thousand dollars. ASCAP's portion, for the music used, is only \$200 to \$300. The fact remains that radio contributes nearly 75 per cent of ASCAP revenues. In 1947, hotels accounted for only \$350,000, night clubs for \$300,000 and dance halls for \$280,000.

Until 1948, ASCAP also collected from motion picture theaters—in 1947, about \$1,300,000. It licensed 17,000 houses at fees ranging from

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ten to 20 cents per seat per year, depending on the size of the theater. Radio City Music Hall paid about \$1,200 annually. These fees had been sanctioned by the Department of Justice in the 1941 consent decree. Under the amended consent decree, recently signed,

ASCAP may no longer license motion picture exhibitors, but can license at the source: that is, assess the film producers in Hollywood rather than the exhibitors.

ASCAP never has collected from the juke box industry, estimated to absorb \$500,000,000 yearly in nick-

els and dimes. Early in the century, when the 1909 copyright law was being framed, the penny arcade operators were shrewd enough to get in a provision that exempted mechanically operated coin machines from performance royalties. The theory was that since only one person listened at a time, the performance was not public. On the other hand, television gives public performances. ASCAP estimates that it may get as much as \$750,000 in royalties from television this year.

Some members are inclined to sniff at Broadcast Music, Inc., as a nondangerous rival. But, BMI's songs appear frequently on the "most requested" listings of the disk jockeys. And, if the older organization turns down a possible money-maker, there is always the chance that BMI will take him on. In consequence, ASCAP's admission rules have been liberalized. ASCAP also is affiliated with organizations which protect the performing rights of composers and authors in 25 other countries, but its status is different from theirs. In Europe and in Latin America these organizations usually are sponsored by their governments.

The society likes to point out, too, that it spares both the user and the writer of music much trouble. If a restaurant or cabaret proprietor had to apply for separate permission from each composer and author, it would cost him time and money far beyond what it takes to deal with ASCAP. Similarly, composers would have little time to compose. Under the Government's new consent decree, music writers are entitled to withdraw from ASCAP and to do their own licensing if they wish.

In the spring of 1949, a bill was introduced into the Massachusetts legislature to bar composers from dealing collectively with the users of their works. As it happened, "South Pacific" opened in Boston the week that committee hearings were being held on the proposed bill, and Oscar Hammerstein II, being conveniently nearby, appeared before the committee to oppose it. The great lyric writer pointed out that he received an average of 35 cents a year from each hotel, dance hall, tavern or cocktail lounge in Massachusetts that used his works. And although he was entitled under the copyright law to collect \$250 for each infringement, he felt he would rather go on writing for three cents per month per user. Hammerstein prefers writing words for songs to being a policeman.

## The Smudge Pot Saint



**A**NYBODY can talk about the weather. But only Floyd Dillon Young, regional director of the U.S. Weather Bureau in Los Angeles, can drive a top Hooper-rating radio show off the air and bring it back again—merely by discussing temperatures, wind velocities and dew points.

A baldish, 57 year old man with a tired voice, Young gives away no \$50,000 jackpots, doesn't even boast a sponsor. Yet, every night during the winter months over KFI, Los Angeles, he conducts the most popular program heard by western listeners.

By giving farmers and nurserymen advance warning on nightly frost conditions, Young has saved an estimated \$200,000,000 worth of oranges, lemons, grapefruit, avocados, lettuce, tomatoes, commercial flowers and other crops. He can light up all 3,000,000 smudge pots in California if necessary.

In the "Big Freeze" of 1937, Young urged red-eyed citrus growers to "hang on one more night" after they'd smudged for 11 consecutive nights. His advice saved 70 per cent of the crop. And last year, when snow blanketed southern California, citrus farmers lost only five per cent of their fruit by dialing Floyd Young.

In 20 years of broadcasting, Young has built an audience of several million listeners—not only the citrus and truck farmers, but contractors who worry about freshly laid concrete, poultry breeders won-

dering if they should turn up the burners under their chicks, motorists undecided whether or not to drain their radiators.

Young goes on the air with this simple introduction: "We now bring you the station of the Fruit Frost Service. . ."

If it's a balmy evening, he merely reports, "Above 32 degrees in all districts. No firing will be necessary. Good night."

But if the thermometer is skidding downward, he will predict wind velocities, humidity and temperatures for more than 90 agricultural areas in California. His monotonous "Pomona—28, Ontario—29, Cucamonga—27 . . ." is as well known to radio fans as the chant of the tobacco auctioneer.

Young shares the 8 p.m. spot on KFI with whatever NBC network show happens to be broadcasting at this time. For every minute he is on the air, it costs the station a cool \$125. But KFI is happy to chalk the loss up to "public service."

He began to supply frost warnings for radio broadcasts in the 1920's, took over the microphone himself in 1930 and since then has batted consistently between 90 and 96 per cent in his frost warnings.

A couple of years ago when his 8 p.m. broadcasts were turned on Sunday nights in churches in the citrus district, an imaginative newspaperman dubbed him "Patron Saint of the Smudge Pots." Somehow, the title fits.

—ANDREW HAMILTON



# Oklahoma Easter Pageant

**H**OLY CITY, an Oklahoma drawing card tucked away on a 160 acre tract of government land in the heart of the Wichita Mountains, is the majestic and rugged setting for an Easter celebration that in recent years has been attracting in the neighborhood of 200,000 spectators. Coming from all walks of life, these people witness a drama that depicts the story of Christ's life, death and resurrection.

The idea for the pageant was conceived some 25 years ago when Austrian-born Mark Wallock, an ordained minister newly arrived in the hill country near Lawton, went hiking one day. The hills reminded him of his native Carpathians; he recalled that he had been born on an Easter Sunday; and stretching out from him was a natural amphitheatre so vast, so suggestive of Biblical Judea, that he envisioned an outdoor pageant thousands might watch without paying admission charges.

The youthful dreamer told his congregation what he had found, and what he wanted. On the following Easter, as dawn broke over the countryside, he and some of his adventuresome church members climbed the rough terrain to present the first pageant. Although the audience was pitifully small, smoldering enthusiasm finally burst into flame. There would be another pageant next year!

The undertaking was one marked by much toil and sacrifice. But it paid off. Other churches of the community as well as those of neighboring localities slowly united with schools and civic organizations to develop a nondenominational pageant for "all the people," which has been filmed as "The Lawton Story."

Despite the enormous amount of spadework of Wallock and his faithful coworkers, two towering problems haunted them: 1, how to acquire a permanent site for their annual pageant; 2, how to finance an integrated program without permitting any part of it to become commercialized.

The first was solved in 1934 when

a federal agency granted \$94,000 for extensive labor, including the construction of a massive stage that boasts native-stone replicas of Pilate's Judgment Hall, the Temple Court, Calvary's Mount, Garden of Gethsemane, Watch Tower, the Jerusalem Gateway, the upper room of the Last Supper of Our Lord, and the Ancient Sepulcher. Funds also were set aside for a music room, rock shrines showing the pictures of the play, and a chapel.



An answer to the second was the "100 Club"—a body of 100 individuals who each gave \$25 annually. The club's membership almost has doubled, but contributions remain on a voluntary basis. And the motto of the dramatic production, "The Easter Pageant—Forever," has become increasingly significant.

Oklahomans are proud of their pageant. Today there are more than 2,500 members in the cast. These actors, participating without monetary remuneration, represent every church and vocation. Some even travel long distances in order to play their roles each year and some haven't missed a single "hitch" since the pageant's earliest days.

To lend essential touches of realism, more than 100 animals and 5,000 stage properties are used. Costumes alone are valued at \$10,000.

With the program beginning at midnight and continuing until morning, participants and spectators fond of sleep are likely to find the arrangement inconvenient. But few complain. What they do, and see, and feel always leaves a lasting impression.

No long-winded sermon is given. There's only the traditional five-minute Easter message delivered by an Army chaplain from nearby Fort Sill. The tableau reaches its climax when strains from Handel's joyous Hallelujah Chorus, synchronized with dawn's brave light filtering in across the rolling hills, proclaim the Man of Galilee's victory over death.

—GLENN YERK WILLIAMSON

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**E. J. BECKETT, Treasurer**  
San Francisco, California

# By My Way

By R. L. DUFFUS



## On being sophisticated

A FEW WEEKS' stay in the Big City has convinced me again of something I knew (and even put in print) before. This is that city people are no more sophisticated than small-town or country people, they are just sophisticated about different things. City people try to make you think they know headwaiters—and about one in each 5,000 does. Country people know where the best cooking is—at least 4,999 out of every 5,000 do. It is, of course, at home. City folks will spend \$12 to see a show that is worth approximately 89 cents. Country folks will go to the movies, which is all that is available, but they will buy motorcars that cost more than they can afford. Well, I could go on, but the moral is that sophistication consists of being at home where you are. I suppose one could be sophisticated in that way in jail, though I am not going to try.

## A letter from Petunia

WE WILL, I hope, be reunited with Petunia, the plain-spoken Duffus cat, by the time these words are in print. Petunia stayed in a Westport, Conn., boardinghouse while we were in the city. Shortly before our return we had a letter from her.

I always try to stick to the exact truth and therefore I shall not say that she wrote this letter. All she did was to dictate it to Mrs. C., the kindly proprietress of the boardinghouse, and then sign it with her paw-mark.

"Dear Absent Ones," it began (Petunia is always quite sentimental at the beginnings of letters), "I think you might like to know, though to my knowledge you have not inquired, how I am getting on. I suppose you are too busy, what with the theater, the night clubs, your multitude of friends, some of whom, no doubt, have cats, and other distractions of life in a great city, to think about me. I do not

mind. I have my own amusements here. I can sleep, I can eat, such as it is, and I can listen to the prattle of the other cats who are, like myself, inmates here for no fault of their own—though Heaven knows they have faults, as I could cheerfully point out if space permitted. I am well treated. Mrs. C. permits me to exercise some hours each day, although in a somewhat confined space. She evidently assumes that like some other cats, if I can call them that, I would go home to a cold and empty house if not prevented, which, I assure you, is not the case.

"Well, this will be enough from me for now, as I have a slight cold and headache which would doubtless disappear if I were living, with all due respect to Mrs. C. who does the best she can, under normal conditions.

"Your affectionate cat, who doesn't mind hardships if others are happy, Petunia Duffus."

Mrs. C., with commendable self-restraint, merely added the words, "Petunia is fat and healthy and don't let her tell you different."



## Ten stories up

I HAVE frequently thought how pleasant it would be if one could move around in a large modern city at a height of about ten stories above the street. At that height there would be little traffic, except pigeons.

Even the most venturesome taxi drivers would not get that high. One could descend if one wanted to eat, be amused, carry on one's business or profession, visit friends or study human nature. I suppose this can be managed when the helicopter is perfected. By that

time, however, there will be a helicopter traffic problem, with helitaxis cutting briskly around corners and dented fenders the rule rather than the exception. It would be selfish of me to want just one helicopter for my own personal use. But there will be compensations. When practically everybody is ten stories up it will be pleasant to stroll around in the streets. Pleasant and good exercise, with enough company but not too much.

## What can't be cured, etc.

SOME SCIENTISTS meeting at the American Museum of Natural History in New York City recently concluded that they did not know how to prevent or cure baldness. A pretty young lady scientist from Australia thought she had learned something about how to grow wool on sheep but unless a bald-headed man has invested money in a sheep ranch this will interest him only mildly. It is my belief that there is nothing a young man dreads so much as baldness—and nothing that a middle-aged man so easily gets used to. A bald-headed man of some years' standing wouldn't know what to do if he looked in the mirror and saw something that could be parted in the middle on the top of his head. He would probably be scared, because he would think a stranger had broken into the house. All things considered, I am convinced that if we can solve the problems of peace, well-being and how to untie shoestrings that have got into hard knots we can put up with the problem of baldness.

## To Australia by canoe

EIGHTEEN YEARS ago a young German named Oscar Speck started down the Danube, from the city of Ulm, in a canoe. He found he liked canoeing and seven years later, or in 1939, he was paddling down the Coral Sea, off Australia. Then Australia and some other countries went to war with Hitler and Herr Speck was interned for seven years. This brought him down to 1946. Now, in 1950, a dispatch from Sydney says he is living in that city and cutting opals for a livelihood. I do not know why it took this news four years to get here, but it did.

What it makes me think of is the irony of human life. Herr Speck took some terrible risks in his canoe. He was upset ten times and captured by savages once. But if he had stayed home he would doubt-



less have been drafted into the army and might easily have been killed. The spirit of adventure may have saved his life. I hope he does well at the opal business.



## The spring hat

ONE THING that hasn't changed in my memory is woman's spring interest in hats. The hats have changed, of course. They used to include birds, flowers and, for all I know, vegetables. The hair was sort of gathered up on top of the ladies' heads, the hat formed a second story, held to the hair by long and menacing hatpins, and the third story or attic took care of the decorations. I am quite surprised when I look at photographs of those bygone days, because everything at that time seemed natural and under control. In some ways I am a foggy (let us say a middle-aged foggy, for I won't own up to being an old foggy) about past ways and days, but I think women's hats are better now than they were a while back. As for the women themselves, I think they have at least held their own; they are just as pretty, I am thankful to say, as they ever were.

## The caboose crisis

BY THE TIME these words are in print the caboose issue, which convulsed the New York State Legislature earlier this year will have been settled. New York had a law requiring every railway caboose to have a cupola—that is, a place on top big enough for two crew members to sit looking out the window. The thought was that if they saw anything ahead that the engineer didn't seem to be seeing they could pull a cord or yell or run up to the front of the train and have him stop. Or (I borrow this one from Mark Twain, who won't mind, I hope) if they saw that the train was in danger of being overtaken by a cow they could have the engineer speed up.

But I am not thinking of anything so elementary as safety. Next to being an engineer and holding the throttle I have always longed to be a rear brakeman and sit up in the cupola. It was inter-

esting and easy work. I may yet get the chance, and I hope the cupola will not be replaced by bay windows or any other purported reform. There are some traditions too sacred to be tampered with.

## Please, no chimes

ANOTHER railroading item disturbs me a little. In fact, I find I have to keep a sharp eye on the railroads or they get out of hand. This time it is the Lehigh Valley line, which is said to be putting a whistle "with chime tones" into its new diesel-electrics. It seems that some people have been complaining because the older type of whistle was "shrill." What do those people think a locomotive is? A cuckoo clock?

The Lehigh Valley line is a good railroad. All railroads are good railroads. But I do not wish to have any locomotive on any railroad make a noise like Big Ben, and if this situation comes about or is not corrected I shall take the matter up with the Interstate Commerce Commission.

## A millionaire in twine

IF THE Associated Press is correct, Ted Kimpel of Denver, aged 64, is not going to run out of string. Kimpel has a ball of string which he has been adding to for 30 years. It is now 85 inches in circumference and 111 pounds in weight. Mr. Kimpel doesn't have to worry about tying up Christmas presents next December. All he will need will be the presents and the wrapping paper. But I will bet Kimpel is like other people who collect things; the more string he has the less he will be inclined to part with it. I wouldn't ask a stamp collector for a stamp or a twine collector for twine. I wouldn't ask a bank for money unless I was sure the bank would consider me a good credit



risk. I might ask a dog for a flea if I were starting a flea circus, but dogs are more generous than people.

I am not, however, making fun of Kimpel, who is wise enough to have a hobby. Personally, I am

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not going to take up string-collecting. I am thinking of starting a collection of paper clips, hooked together into a chain. I wouldn't consider it sporting to buy the clips but would take them off documents and enclosures which some of my correspondents, for no good reason, clip together and mail to me. When I had a chain long enough to reach to Denver I'd stop.

### Chance for map makers

EVERY SCHOOLBOY, at a tender age, is exposed to maps of the United States. It is, therefore, puzzling to learn from Secretary Chapman of the Department of the Interior that only 25 per cent of our country is now adequately mapped, and that we can finish the rest by 1970 for \$200,000,000. The catch is in the "adequately"—our maps aren't accurate and they aren't complete. So there's still a career in map making or surveying; and for my part I wish I were 25 again and had \$1,000,000 of government money and a horse and a job helping survey 75 per cent of the United States.

### The simple life

A LADY living on Bressay, one of the Shetland Islands, has never seen a train, a streetcar or a motion picture. This is not because she hasn't had time, for she was 104 years old in February, and it is not because she was frustrated, for she says she owes her long life "to staying away from modern civilization." For those who like salt water and wild scenery the Shetlands, which lie northeast of Scotland, are pretty good. They are an environment in which one could learn to be patient and philosophic and not suffer from nerves and high blood pressure. But maybe this old lady was not the worrying kind, and would have lived just as long if she had been deposited in the heart of London or New York. How is one to know?

### The popover situation

I FIRST encountered the popover in Waterbury (Vt.), where my maternal aunt used to make them to perfection on Sunday mornings. I could then eat a dozen popovers and I suppose half a pound of butter and still feel pious enough to go to church. You had to hold your breath when you had one of my aunt's popovers in front of you; the least current of air would waft it away. I know several restaurants where you can get

popovers, but not many and not hot enough. I know one where you can get all you want as hot as you want—but I am not going to give out this information, even in stamped and self-addressed envelopes. Let the popover lovers work up an appetite by doing their own hunting.

Popovers seem to me one of the few foods I loved as a boy that were also good for me. Or—and this raises another question I do not mean to answer—can it be that Vermont's puritanic atmosphere created the impression that anything one really liked just couldn't be good for him?

### The age of electricity

CHICAGO expects to lose the last of its gas and gasoline street lamps this year. I don't know what the figures are on illuminating gas for the country at large. I suspect that the electric light, like the automobile, has come to stay—for a while, at least. I am sure, nevertheless, that whatever we use for light today will seem quaint 30 years from now, and so on to the end of time. This morning's breath-taking novelty is tomorrow's oddity. It is so with inventions; it is so with styles, in houses, clothing, amusements and slang; it is so with everything, except, I hope, a few basic virtues like being kind and not telling harmful lies.



### Wanted: a ghost (maybe)

AN ENGLISH clergyman exorcized a ghost in a house in Bristol. The ghost disappeared, perhaps into some other house. It seems to me that if I had a ghost in my house I would want to keep it—the ghost, I mean. I might not wish to sleep there myself. Indeed, I am sure I wouldn't. But I would charge admission, thus, as I would hope, taking in enough money to pay for good accommodations in some house, hotel, sleeping car or airplane that wasn't haunted. I have even thought of advertising for a reliable ghost, offering a good salary in invisible money and an eight-hour night, with Thursdays and Saturdays off. What has held



me back has been a fear that the applicants might appear in person—and when I want to sleep.

## Cricket in the radiator

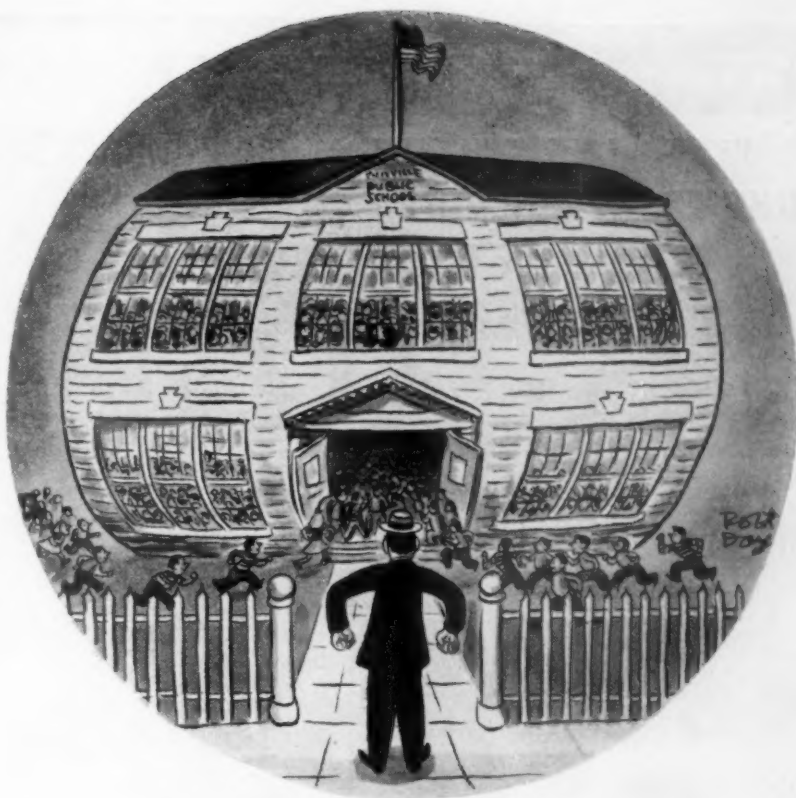
A CRICKET on a hearth is a good thing, assuming that the cricket comes to no personal harm by venturing too near the fire and causes no harm to others by eating their rugs and upholstery. Crickets are well spoken of in literature. They do not go, of course, with every form of heating. A cricket would have a nervous breakdown trying to adapt himself to the sort of indirect heating arrangement that is built into some modern houses. He wouldn't know where to go, and this would injure his digestion, make him ill-tempered and ruin his home life. But what I started out to say was that sometimes machinery imitates and even outdoes Nature. There is no cricket in or near our fireplace in our suburban home. On the other hand my office radiator has been making a noise like a cricket all day.

## And pigeons on the sill

ANOTHER SOUND, this time outside my office window, carries me back many years. My brother and I and other students were then living in Mr. Bishop's rooming house in Palo Alto, Calif. Our big double room cost us \$8 a month, but was well worth it. Next door there was a church, from which, on Sundays and on prayer meeting nights, came the pleasant echoes of organ music and singing. When there was no meeting inside the church there was often a row of pigeons sitting on the ridge-pole, almost on a level with our second-floor elevation. They were good, respectable pigeons and did not quarrel and carry on the way jays do; their voices were low and soothing and the ideas they expressed wouldn't have offended the most particular person. Now I often hear those same voices outside my office window, in the heart of a mighty city. And how they do erase the years!

## Recipe for happiness

I BELIEVE it was Mr. Dickens' Mark Tapley who said toothache was a fine thing because a person felt so good when it stopped. I felt like writing a postscript to this remark after a brief but worth-while visit to my doctor the other day. Is there any small happiness that exceeds that of not having a cinder in one's eye?



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